

Business rents freeze to end early next year

Property shares rose on the stock market yesterday after Mr Crosland, Secretary of State for the Environment, announced an early end to the commercial rent freeze. In a written Commons reply, Mr Crosland said the freeze on business rents had

Property shares go up

By John Plender
Financial Correspondent
The Government yesterday took decisive action to prop up the banking system by announcing an early end to the commercial rent freeze. In a written Commons reply, Mr Crosland, Secretary of State for the Environment, said that commercial rents throughout the United Kingdom would be allowed to rise to contractual levels from March 19, 1975.

constitutes an important credit base for industry.
"The Government, through their land legislation, are acting to secure to the community the values in development which hitherto have gone to the speculator. A healthy market in commercial property is necessary for the achievement of the Government's social and economic objectives."
In the past few weeks the Government is understood to have become increasingly concerned about the effect of a demoralized property market on the banking system. Total bank advances to the property and construction sectors stand at an abnormally high level of about £5,000m, reflecting the rush of money into property during the huge expansion of the money supply during 1971-73.

therefore been frozen and the security for loans eroded.
The Government's decision is clearly intended to reduce the losses that the banks will incur because of the fall in property values. It will also increase the banks' ability to satisfy industry's need for finance, which is expected to grow rapidly in 1975.
Over the last nine months insurance companies and pension funds have been reluctant to buy property, in spite of repeated assurances from the Government that the rent standstill would be lifted in 1975.
Mr Crosland said that an order will be laid under the Counter-Inflation Act, 1973, to provide for the end of the rent freeze on February 1. It will ensure that no business tenant paying a rent frozen below the contractual level on that date can have his rent increased until the landlord has given notice as the order will provide. The practical effect of the order will be to allow those rents to be increased to the contractual levels on March 19.

Whips see new danger to Labour discipline

By David Wood
Political Editor
In spite of taunts from Mr Heath in the Commons yesterday that he was not prepared to support his own Chief Whip, Mr Wilson gave no hint yesterday that he means to deliver any warning to the 54 Labour backbenchers who rebelled against a three-line whip in last Monday's defence debate, or call for the removal of the eight dissenters who are serving as FPs to ministers.
Mr Wilson has so far undertaken to do is to discuss party loyalty and discipline in a general way at a meeting of the Parliamentary Labour Party at the Commons after the Christmas recess.
There seems little doubt that Mr Mellish's position has been weakened by first resigning and then being persuaded to continue to serve. Some of his colleagues in the whips' office hint that his authority must be less than that of his predecessor, but no public sign of support for his view that a three-line whip must be obeyed.
As Mr Mellish and his staff in the whips' office see it, there are few dangers for Labour Party discipline, it is suspected, though not easily perceived, that the Tribune group of left-wingers is effectively operating a whip within the PLP whip.
The formation this week of the Manifesto group by moderate Labour MPs, as a countervailing force to the Tribune group, creates the danger of even more factional whipping.
Some whips do not think it fanciful to foresee a time when, if present tendencies persist, the government Chief Whip will have to bring the leaders of the party factions into managerial discussions to ensure that he can carry a division.



Mrs Mary Wilson with two of the "children of courage" to whom she presented awards at Westminster Abbey yesterday. Kathy Hoggins, aged 12, of Belfast, is nursing her mother, who has cancer. Joyan Patel, aged 10, of Brockley, London, defied a gunman.

Abortion on demand allegation after survey

By Peter Scott
Grave allegations that abortions are available on demand to those who can afford to pay, that abortions are carried out after the legal limit of 28 weeks of pregnancy, and even that foetuses are being sold to soap factories, are made in a new book on the Abortion Act published today.
The book, with the emotive title *Robins for Burning: The Abortion Business in Britain*, is the work of two London journalists, Mr Michael Litchfield and Miss Susan Kenish, who visited abortion clinics and Harley Street doctors anonymously and with a hidden tape recorder.
Its publication has been delayed for several weeks by three injunctions taken out by organizations and individuals named in the book. The last of the injunctions was lifted yesterday.
Last April a committee of inquiry set up in 1971 under Mrs Justice Lane generally approved of the way the 1967 Abortion Act was operated, but recommended that the legal time limit for abortions should be reduced from 28 to 24 weeks of pregnancy. Its terms of reference did not provide for any examination of the ethics of abortion.
Mr Litchfield and Miss Kenish comment: "There should still be abortion available for genuine life or death medical reasons. But the iniquitous social clause must go." That clause allows a doctor to carry out an abortion if he is satisfied that the continuance of the pregnancy would involve risk to the physical or mental health of the pregnant woman greater than if the pregnancy was terminated.
The two reporters carried out their inquiry by visiting clinics and doctors posing as an unmarried couple in search of an abortion. Their conversations were recorded on tape.
They made no attempt to invent a convincing reason for desiring an abortion and normally confined themselves to the simple statement that they did not want the baby. On occasions they attempted to incite the doctor or clinic counsellor to refuse them an abortion by giving extremely frivolous and selfish reasons such as that having a baby would interfere with their social life.
At other times Miss Kenish pretended to have some doubts about whether she really wanted an abortion, but again no one tried to persuade her to have the baby. The doctors who most cases the two doctors who must sign the form authorizing an abortion under the 1967 Act were prepared to accept her word that she did not want to continue with the pregnancy.
Although the possibility of obtaining an abortion on the National Health Service was sometimes raised, they were usually told that doctors working in private clinics were more "liberal minded" as to the grounds on which they could authorize an abortion.
Other doctors interviewed by the two reporters took a less straightforward view. One with a surgery in Wimpole Street was not completely convinced.

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Rockefeller nomination ears end of final lap

By Patrick Brogan
Washington, Dec 19
The United States will have Vice-President again today. House of Representatives in a cursory debate, will vote to confirm Mr Nelson Rockefeller's nomination and he will be sworn in in the Senate.
The scene will be televised and this will be the first time television has been used in the chamber. Mr Ford was sworn in as Vice-President on December 6 last in the House of Representatives.
President Ford will drive Mr Rockefeller up Pennsylvania Avenue to the Capitol, as outgoing Presidents are wont to do in their inaugurations. It was rather more jolly than the last vice-presidential taking. Everyone was then glad that Mr Ford had succeeded Mr Agnew, but President Nixon's presence in the White House cast something of a shadow over the proceedings.
Mr Rockefeller, former Governor of New York, whose return to government goes back to early days of the Second World War, will be the country's 41st Vice-President.
Mr Rockefeller was asked when his name was announced, "He has just got richer than all other Presidents and Vice-Presidents put together."
Mr Rockefeller took Congress two months to approve Mr Ford's nomination. Mr Rockefeller's resignation was a disaster. It was expected that he would succeed as President before Mr Ford's term expired.
Mr Rockefeller took four months to confirm Mr Rockefeller, though his chances of reaching the White House are no greater than those of his predecessors.
Mr Rockefeller's predecessors were George Dallas, Hannibal Hamlin, Schuyler Colfax and Art Hobart.
A list of Vice-Presidents, in order of their terms, reads: "Every name reads like a list of Nobel literature winners. Only 13 of Mr Rockefeller's 40 predecessors were common names."
Mr Rockefeller determined to run for election in 1976. Mr Rockefeller's chances of making a comeback seem slight. He is 66.

MPs hope for a pay rise after issue goes to Boyle committee

By Our Political Staff
The pay and allowances of MPs are to be referred to Lord Boyle's top salaries review body. In announcing that to the House of Commons yesterday Mr Short, Lord President of the Council, gave no assurance that any recommendations made will automatically be implemented. But the general expectation of the House was that they could look forward to their first salary increase since January, 1972, when it rose from £3,250 to £4,500.
Details of the scheme for providing financial assistance to the opposition parties were also given by Mr Short, who in addition announced two further inquiries, one to consider improvements in the facilities available to backbenchers, the other to examine whether public money should be given to political parties for their work outside Parliament.
A statement is to be made by the Prime Minister today on the review body's report recommending increases for the heads of the nationalized industries, senior civil servants, judges and others. The report has clearly caused the Government some embarrassment and the timing of the statement as Mr Short made it was for the reason is significant.
The statement on MPs' pay met with a mixed reception. Many members accepted the force of Mr Short's assertion that a number of MPs were labouring under financial strain.
Mr Christopher Tugendhat, Conservative MP for the City of London and Westminster, South, emphasized the necessity of paying MPs and ministers the rate for the job when compared with the earnings of senior civil servants and those in positions of responsibility in the private sector. But the point was made that with the country facing such a financial crisis it was not the time for members to be providing for pay increases for themselves.
A number of MPs were sensitive to the delicacy of their position in this respect. There were suggestions that any extra money should be concentrated on payments for research and administrative assistance rather than raising salaries, that future reviews should be annual to avoid the danger of occasional reviews which were consequently larger when they came and attracted unfairly hostile publicity, and that the pay of MPs should be taken out of politics by tying it to the income of some grade in the Civil Service.
Those matters will come within the scope of the review body. It has been asked to cover

all aspects of parliamentary remuneration, including pensions. In particular, it is to consider a mechanism for regular reviews so that MPs do not suffer greater hardship from inflation than the rest of the community and its attention has been drawn specifically to the possibility of linking salaries to Civil Service grades.
Peers' expenses allowances are also to be reviewed, bearing in mind that a single rate of allowance does not take into account the variation in expenses incurred by those coming from different parts.
The formula for detouring financial assistance to opposition parties in the House, £500 a seat and £1 for every 200 votes with an upper limit for the House of Lords, is to be reviewed. Some criticism from Mr David Wigglesley, MP for Caerzaron, on behalf of Plaid Cymru. But the innovation seems, in general, to have satisfied the parties concerned.
Select committees of 11 members were set up yesterday to examine the support facilities available to backbenchers, and an independent committee is to be appointed shortly after Christmas to consider whether the House should be made available to political parties for their work outside Parliament.
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IRA may end its silence today on Ulster truce

From Stewart Tendler
Belfast
Republican sources in Belfast expect the Provisional IRA to issue a statement today to end speculation about a ceasefire. Yesterday Protestant churchmen got in touch with the Provisionals to tell them of the result of talks in London on Wednesday with Mr Rees, Secretary of State for Northern Ireland.
Another controversial topic in Ulster, the offer by the Ministry of Defence of £42,000 compensation for relatives of the 13 men killed in Londonderry, was being widely discussed in Belfast yesterday. It was learnt that the 20 relatives, after a meeting at the Creggan, in Londonderry, had agreed to accept the compensation.
Wednesday's meeting between churchmen, Mr Rees and five civil servants was at the Commons in the evening and lasted an hour. Mr Rees was listed

IRA may end its silence today on Ulster truce

proposals from the Provisionals but the churchmen refused afterwards to say what they were.
Last night one of the churchmen, the Rev William Arlow, secretary of the Irish Council of Churches landed at Dublin airport and was reported to be on his way to the Provisional contacts. Later he left for Belfast.
The churchmen issued a statement after the Common meeting in which they said they told Mr Rees of their meeting at Feakle, Co. Galway, and the Provisionals' response to suggestions for creating a ceasefire. The statement said Mr Rees made it clear that a ceasefire would produce a British response.
That was as far as any of the churchmen said or said in a message or reply was brought back across the Irish Sea but one source close to the

IRA may end its silence today on Ulster truce

meat of the pub and kept us there for about half an hour after the explosion.
There was a sort of pressure wave. You could feel something hitting you like a giant firework. When I looked out of the window there was a policeman walking along in the middle of the road with a shower of glass around him, rubbing his head as if he were dazed.
"Warning calls were received by two newspapers. A spokesman for the Sun said: 'We had a call at 8.40 pm. The caller had an Irish accent and he said: 'There is a car bomb on Oxford Street. It is a Corvair car and it is due to go off at 9 pm.' The Daily Mirror also received

Design work to begin on British Library

Design work for the building of a new British Library on former railway land in Euston Road, London, is to go ahead in the face of continued opposition by the library board, who remain committed to the Bloomsbury site. Mr Hugh Jenkins, minister responsible for the arts, said yesterday that plans would be drawn up so that construction could begin in 1979-80. He added that use of the Euston Road site was less than a mile away.
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Export prices rising fast

British export prices are now rising quickly, but the actual volume of goods sold overseas is falling sharply. Official figures published yesterday by the Department of Trade showed that export prices were increasing twice as fast as import costs during November. The three categories to make British goods increasingly uncompetitive in foreign markets.
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Gold warning by the Shah

The Shah of Iran warned Western powers yesterday that by revaluing gold holdings upwards they could bring about the collapse of the whole monetary system.
He said that any such move would force considerable increases in oil prices.
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British Rail asks the Treasury for £341m

By Michael Bailey
Transport Correspondent
British Rail has asked for a grant of £341m to keep its passenger services going in 1975. Mr Mulley, the Minister for Transport, disclosed in a written parliamentary reply yesterday. A spokesman for the Department of the Environment said later that British Rail would not necessarily get the money.
This is British Rail's first call on the Treasury (extendable to £1,500m by Parliament) provided, it was hoped for five years, to support the entire passenger system under the Railways Act, 1974.
The figure can be compared with the £81m budgeted last January for loss-making passenger services this year, or with the £330m British Rail is thought to need from the Treasury to meet its 1974 deficit.
To comply with EEC regulations, the £341m takes the form of compensation to British Rail for unremunerative activities that the Government has directed it to carry on.
Mr Mulley said yesterday that, while he had directed the British Railways Board to provide a service roughly comparable with the present one, changes in the size and quality of the service, including further possible closures, were not excluded.
Page 2

Mr Callaghan sets out powerful case for staying in Europe

Mr Callaghan, the Foreign Secretary, revealed himself in the Commons last night to have become about as confirmed a Europeanist as divisions within the Labour Party allow, Our Parliamentary Correspondent writes. He presented possibly the most powerful case for Britain remaining inside Europe that has been made from the Government benches since Labour returned to power.
Page 2

Police investigate injuries to bomb defendants

By Clive Borrell
Senior police officers are investigating allegations that six men accused of murder in Birmingham last month in which 21 people died, suffered injuries at the hands of prison staff after their arrest.
The investigation was ordered after five of the six accused appeared in the dock at Birmingham magistrates' court showing obvious signs of facial injury, including black eyes, cuts, grazes and swellings.
Lawyers for the accused made representations to the police after their appearance in court on November 28.
Det. Sgt. Capper, Chief Constable of the West Midlands force, ordered an immediate investigation after a number of solicitors had got in touch with him.
Mr David Owen, Assistant Chief Constable of Lincolnshire, has been appointed to conduct the investigation with other senior officers.
A spokesman for West Midlands police said in Birmingham last night: "An investigation is being conducted into certain alleged criminal matters."
The Home Office confirmed: "The question of how these men received their injuries is the subject of a police investigation and we cannot comment further."
Parliamentary report, page 10

Closed shop talks end in deadlock

Mr Foot, Secretary of State for Employment, discussed with editors yesterday the closed-shop principle of the Trade Union Bill, but the meeting ended in deadlock. Some editors, however, believe the Bill may be delayed by concern over its implications for freedom of speech by some Labour ministers and MPs.
Page 2

Nelson touch

Turning a blind eye to Moscow's denial of any deal linking trade concessions with emigration policies, the United States Congress hurried to give the Trade Reform Bill its final blessing. Kremlin-watchers saw the denial as face-saving vis-à-vis the Arabs.
Page 5

Tree hurt as car bomb explosion shatters store windows in Oxford Street

By Neville Hodgkinson
A large car bomb exploded in a taxi rank in the Oxford Street near the Duke Street. The explosion shattered hundreds of windows and shaking was felt over a wide area. People were injured.
A warning, the police lost much of the street minutes before the bomb exploded. People in public places were ordered to take cover. There was a scramble of lavatories and basement.
A bomb exploded in a car in a taxi rank in the Oxford Street near the Duke Street. Selfridges, on the corner of Oxford Street, was blasted.
wells and lights shattering window models. Directors of the firm were at a meeting upstairs and a staff party was going on downstairs.
A salesman who was at the party said: "Everything shattered inside, and smoke belched from the building from the street. There was a small fire in one of the shops opposite. Some of the women at the party went into hysterics. The security men tried to clear people out and most of us went out quickly."
Mr Geoffrey McCallum, aged 30, was in the Henry Holland public house in Duke Street. He said: "At about eight or nine minutes past nine we heard this massive blast. They cleared

HOME NEWS

Callaghan review of EEC moves reveals a staunch Europeanist

By Hugh Noyes Parliamentary Correspondent Westminster
On the sovereignty of Parliament, Mr Callaghan argued that in some ways government was now being encompassed on proposals coming from the Community which would often have passed almost unnoticed if they had derived from British sources.

Scots agency to control money for industry

By Geoffrey Smith Political Staff
Mr Ross, Secretary of State for Scotland, has won his battle with Mr Wedgwood Benn, Secretary of State for Industry, over the control and powers of the proposed Scottish Development Agency. That is the effect of an announcement Mr Wilson is expected to make in the Commons today.

Lord Devlin says editors should stay free

Newspaper editors should be exempted from the Government's new legislation on union closed shops, Lord Devlin, former chairman of the Press Council, said last night. He said the new Bill framed by Mr Foot, Secretary of State for Employment, could provide a "grand opportunity" for approving editorial freedom under conditions that would widen and strengthen it.

In brief

12p butter token scheme to end
The Government's better token scheme for needy people is to be abandoned at the end of the month. Mrs Castle, Secretary of State for Social Services, said yesterday.

Police ask Mrs Stonehouse for blood samples

By a Staff Reporter
Mrs Barbara Stonehouse, wife of Mr John Stonehouse, the missing MP, expressed in a BBC television interview last night her conviction that her husband died while swimming off Miami beach a month ago. She was hewildered on other theories concerning his disappearance.

Mr Foot refuses to yield over closed shop

By a Staff Reporter
A meeting in London between newspaper and broadcasting editors and Mr Foot, Secretary of State for Employment, ended in deadlock yesterday after an hour with neither side prepared to modify its position on the closed-shop principle in the Government's Trade Union Bill.

Hopes of Fleet St peace in today's print talks

By Our Labour Editor
Peace talks aimed at resolving the Fleet Street pay dispute that has disrupted a number of national newspapers for the past week will be resumed today, after agreement by leaders of the National Graphical Association to suspend industrial action.

Peer seeks to change club colour bar law

By Peter Evans Home Affairs Correspondent
A Bill seeking to prevent discrimination in clubs, introduced by Lord Avebury, the Liberal peer, had its first reading yesterday. His intention, he said, was to reverse a House of Lords ruling in October that some types of clubs could refuse membership to people because of their colour.

Churchmen talk of 'signal' to IRA

Continued from page 1
clergymen said yesterday there was a "signal" to the Provisionals.
Yesterday the Rev Ian Paisley, leader of the Democratic Unionist Party, said he knew the details of the Provisionals' requirements. He said they sought a cease-fire followed by the release of all detainees, withdrawal of troops to barracks within two months if the cease-fire held, disarming of police, policing with local community groups and release of political prisoners.

Authors accuse clinics of abortion malpractices

Continued from page 1
of the firmness of their purpose in seeking an abortion, so they were referred to a psychiatrist around the corner in Harley Street. However, in no case did they experience any real difficulty in persuading two doctors to sign the required form of approval.

Mr Jenkins will not free the jailed pickets

By Paul Routledge
The Home Secretary last night declined to set in motion the machinery necessary to free the jailed Shrewsbury pickets, but indicated that they might qualify for parole early next year.

Why fine cognac is different
Unlike ordinary brandy, Cognac only comes from one place in the world. The Charente area of France. Only there do you find the soil and climate necessary for making true Cognac.

Botterill in clear chess lead
From a Chess Correspondent
The British chess championship play-off tournament, held to resolve the seven-way tie in the previous year, is now in its final stages. Botterill leads Williams.

Weather forecast and recordings
NOON TODAY Pressure is shown in millibars FRONTS Warm Cold Occluded
A deep depression will move NE of NW Scotland.

HINE
Vine Cognac THINEAC
Which is why people who appreciate fine Cognac prefer to drink Hine.

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HOME NEWS

Fewer sales and lower prices bring turnover at two big sale rooms down with a bump

By Geraldine Norman Sale Room Correspondent

Sotheby's and Christie's yesterday announced dramatically lower turnover figures for the autumn season. Sotheby's total turnover for October to December amounted to £27,423,000, compared with £36,395,803 last year. Christie's turnover is down to £12,797,000 from £16,531,000 last year. In both cases the fall is around a quarter.

Both auction houses now report their turnover figures net of unsold lots. The fall thus reflects the combined impact of lower prices and a smaller sold proportion of the total number of lots on offer.

Christie's provide detailed figures by departments; the turnover in Impressionist and modern pictures is down by about a third. Oriental porcelain and works of art is slashed from £1,290,000 to £552,000. Old Master paintings are down by about a fifth and the turnover in modern British paintings is down by about three-fifths.

By contrast, jewellery turnover in London is up and the Geneva total is hardly changed. The turnover in coins and medals is up by two-fifths and turnover in arms and armour,

books, icons, and costumes and dolls are higher. It is remarkable that Christie's turnover has almost doubled in spite of the collapse in prices; this reflects a massive increase in the volume.

Sotheby's announcement of their autumn results is a masterpiece of understatement. In giving this year's figures they have omitted to note that they are lower than 1973. They list the strongest markets of the last three months and mention first Impressionist and twentieth-century pictures. Many would argue that this has been one of the weakest markets.

They mention that Jean Duhouffier's "Echange de Vues" sold for £145,299 in a Parke Bernet sale whose net total was £980,000. They do not mention that the gross total of the sale, that is including unsold lots, was £2,045,192. Failure to sell more than half the goods on offer is not exactly a bull point. Nevertheless they say: "Clients who have felt the need to sell in order to raise money have realized prices which clearly demonstrated that... the fine art market is remarkably buoyant."

Sotheby Parke Bernet's turnover in New York and Los Angeles is down from £16,900,000 to £10,900,000.

Help for Arabs: Mr Andrew Faulds, Labour MP for Warley, East, a keen pro-Arabist, and

former frontbench spokesman for the arts, yesterday announced the formation of a purchasing panel to advise Arab countries on the acquisition of antiques, works of art and jewellery. The panel is headed by Mr Hugh Leggart, the St James's picture dealer, with whom Mr Faulds worked closely in the fight against museum charges.

Mr Leggart has brought together a team of specialist dealers, including Mr Roger Bluett for Oriental art and ceramics, Mr Martin Mortimer of Delomonte for fine glass and porcelain, Mr Michael Rossi, of Walter R. Wilson, for gold and silver, Mr Manfred Seymour for antique and modern jewellery and Mr Denis Wrey, of the General Trading Company, for furniture and objets d'art.

The panel would be prepared to act as advisers and buying agents (not direct suppliers) for museums and private collectors from Arab countries. Curiously enough, one of the panel speaks Arabic or has previously had much contact with the Arabs. Their role is seen as the protection of new buyers from the machinations of the international art market. Mr Faulds said it was "to enhance our relations with the Arab world and to preserve the integrity of the London art market."

Harpisichord at £4,725 page 14

Government plans for consultants today

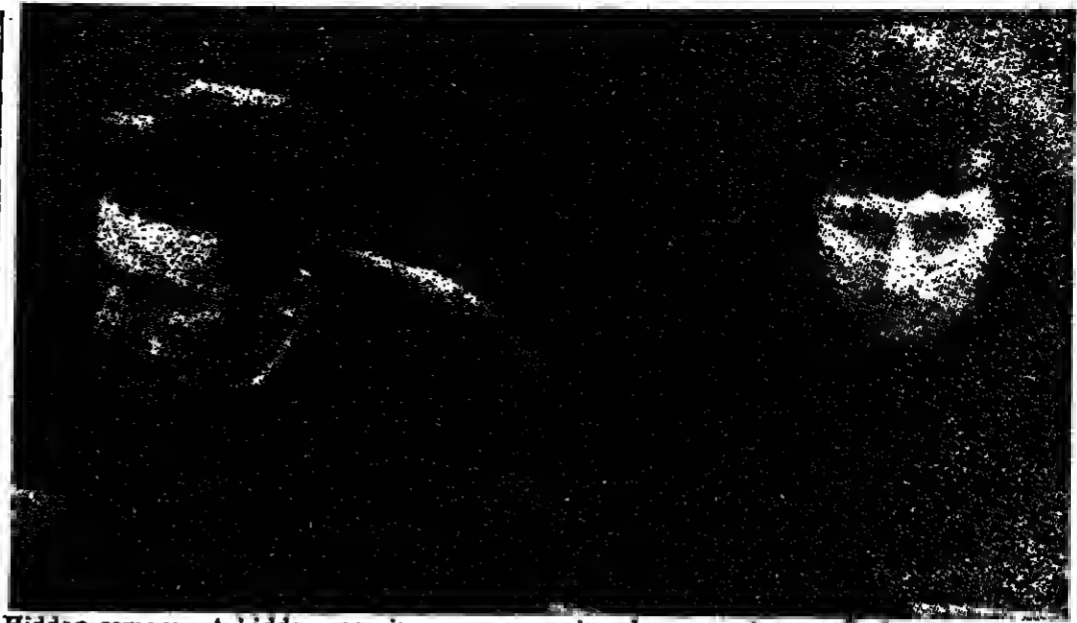
By John Roper

Senior hospital consultants are to meet government representatives today for discussions that will show either that the point of confrontation has been reached or that the talks which began six months ago are worth continuing.

Dr Owen, Minister of State at the Department of Health and Social Security and chairman of the working party considering the new contract and arrangements for private practice, will make a full statement of the government position. Under pressure from members who have already decided to work to contract, the staff side has said that unless two basic principles are met, talks cannot go on.

The points are that consultants' pay from the National Health Service must be solely for the 33½ to 37½ contractual hours worked and that outside that time they must be free to work as they wish. Most consultants work about 60 hours a week in hospital and they are drawing attention to their view that their pay does not reflect their dedication.

Sanctions plan: Seventy hospital consultants in the South-east Thames Regional Authority area, stretching from Brighton to Thanet, begin sanctions from January 2 (the Press Association reports). They will work to "contractual hours", a total of 38½ hours a week.



Hidden camera: A hidden security camera took photographs during a raid on the Clydesdale Bank in Ingram Street, Glasgow nine days ago, it was disclosed yesterday. Police have issued this photograph of two men they wish to interview.

Move to get benefit for disabled housewives

By Our Political Staff

Mr Lewis Carter-Jones, Labour MP for Eccles, had the backing of eight Conservative MPs in the standing committee on the Social Security Benefits Bill yesterday in carrying an amendment to entitle severely disabled housewives to the new non-contributory invalidity benefit. It was carried by nine votes to eight.

Mr Kenneth Clarke, MP for Rushcliffe, who leads for the Opposition on the Bill, said afterwards: "It was quite disgraceful that the Government should have thought that it could exclude disabled housewives."

Mr David Price, Conservative MP for Eastleigh, whose wife is disabled, said that backbench action had produced an excellent result. "This will be a wonderful Christmas present for the severely disabled housewife," he said.

In the committee Mr Price said: "A disabled housewife has a frustrated yesterday, a frustrated today, and a frustrated tomorrow. If the housewife's disability benefit were set at the same level as the non-contributory invalidity pension, namely at £6.90 a week, I calculate that, on a total of some 40,000 beneficiaries, the cost would be about £14m a year."

More protection for holidaymakers

By Arthur Reed

Holiday makers will receive increased protection against the financial collapse of package tour companies during the 1975 season as a result of new regulations announced in London last night.

The Civil Aviation Authority has told air travel organizers that the bonds required from them will be increased from 7.5 per cent to 10 per cent from April 1 in the case of members of the Association of British Travel Agents (ABTA), and from 12.5 per cent to 15 per cent for others.

This means that the percentage of the annual turnover of the travel companies which is placed in bond for the repayment of holiday money in the event of a failure is substantially increased by the authority.

The authority said it was considering a revision of the bonding system after the failure of the Court Line travel group.

After the Court collapse, the Government also promised protection for the holidaymakers, but it has announced no definite scheme so far.

Court Line hope: Holiday-makers who lost money when Court Line crashed will be repaid as soon as possible, the Association of British Travel Agents said yesterday. The promised repayment formed part of an agreement between the Government and the association aimed at protecting holidaymakers in the future (the Press Association reports).

The association said the Government had accepted its plans in principle and legislation would be introduced soon after Christmas.

Jail sentences and £60,000 fines for vice syndicate

Seven men convicted of running a big vice ring in Soho and Mayfair were jailed at the Central Criminal Court yesterday and fined a total of £60,000. The heaviest sentence was on Leonard Silver, aged 52, a Soho club owner, of Wilton House, Knightsbridge, London, who was jailed for six years and fined 30,000.

Two other members of his syndicate, which operated for 18 years, were each jailed for five years. They were Emmanuel Artolo, aged 42, who was also fined £15,000, and Anthony Angion, aged 48, a property developer, who was fined 10,000. Frank Melito, aged 41, was acquitted on the main Soho vice charge but found guilty of creating a similar but smaller organization in Mayfair with other men, who escaped. Mr Melito was jailed for four years and fined £5,000.

Victor Micallef, aged 33, described as a collector on his way to becoming a more eminent member of the syndicate, was jailed for three years. Joseph Isud, aged 41, a carpenter, was acquitted on the syndicate charge but found guilty of collecting roots from the streets and was jailed for two years. The seventh man, Romeo Saliba, aged 56, of Almeida Street, Brighton, who admitted his part in the Soho and Mayfair vice rings, came back from his detention, under the misapprehension that he would be a prosecution witness. He unexpectedly found himself accused.

In these circumstances, the judge said, he would take an exceptional course and pass a nine-month jail sentence, which meant that Mr Saliba would be released quite soon. He had spent three months in solitary confinement for his own safety while awaiting trial.

Mr Silver, Mr Mangion, Mr Bartolo, Mr Micallef and Mr Melito were found guilty on Wednesday of conspiring together and with others to live off the earnings of prostitution in Soho between January, 1964, and December, 1973. Mr Melito, of Sussex Gardens, Paddington, was found guilty of conspiring with a man not in custody to live off the earnings of prostitution in Mayfair. Mr Saliba pleaded guilty to both those charges.

Mr Mangion, of Ecclestone Square, Westminster, and Mr Bartolo, of Bramber Road, North Finchley, were slightly less culpable than Mr Silver, the judge said. But each had "participated greatly" from involvement with the other conspirators.

Mr Micallef, of Alexander Road, Upper Holloway, London, who admitted two charges of possessing firearms without a certificate, was given three months' imprisonment on each charge, running concurrently for three years for the vice charge.

New chair for research into rain damage of the unborn

In John Chartres, Chester

The creation of a new professional chair in child growth and development at Manchester University medical school was announced in Manchester yesterday. The work of the department, made possible by a £1,000 grant from Action Search for the Crippled Child, is devoted to research into causes of brain damage in born babies, from conception until three or four years of birth.

The first incumbent of the chair is Professor John King, previously senior lecturer in child health at the university, whose work on human development is internationally recognized. He said yesterday that he and his department will be able to build up new information on the critical stages at which a child's brain might be damaged (both before and after birth) and that it will be able to evolve detection techniques which would show, at the earliest possible stage, whether an unborn child had succumbed to damage which would result in disastrous illnesses such as mongolism or spina-bifida.

This particular line of research, he said, could help a mother, her husband and her direct medical advisers to make a decision on whether a pregnancy should be terminated. A ceremonial handing over of the £200,000 cheque by Mr Duncan Guthrie, director of Action Research, had to be called off after the bag containing it was impounded in a British Rail security check.

Teacher cleared of killing spasser

Richard Fountain, aged 42, a limo driver, of St Dionis Road, West London, was found guilty at the Central Criminal Court yesterday of the murder or manslaughter of Mr Collins, aged 52, a former petty officer, who lived near Road Fulham.

Fountain said he had edged a sword at Mr Collins, had barged into his house, were him off and protect three pet dogs from attack. The intruder, who was passive and violent, staggered on the blades and suffered a seven-inch stab wound which killed him within minutes. Fountain did not know Collins had run on to the blades and was "horrified" he collapsed.

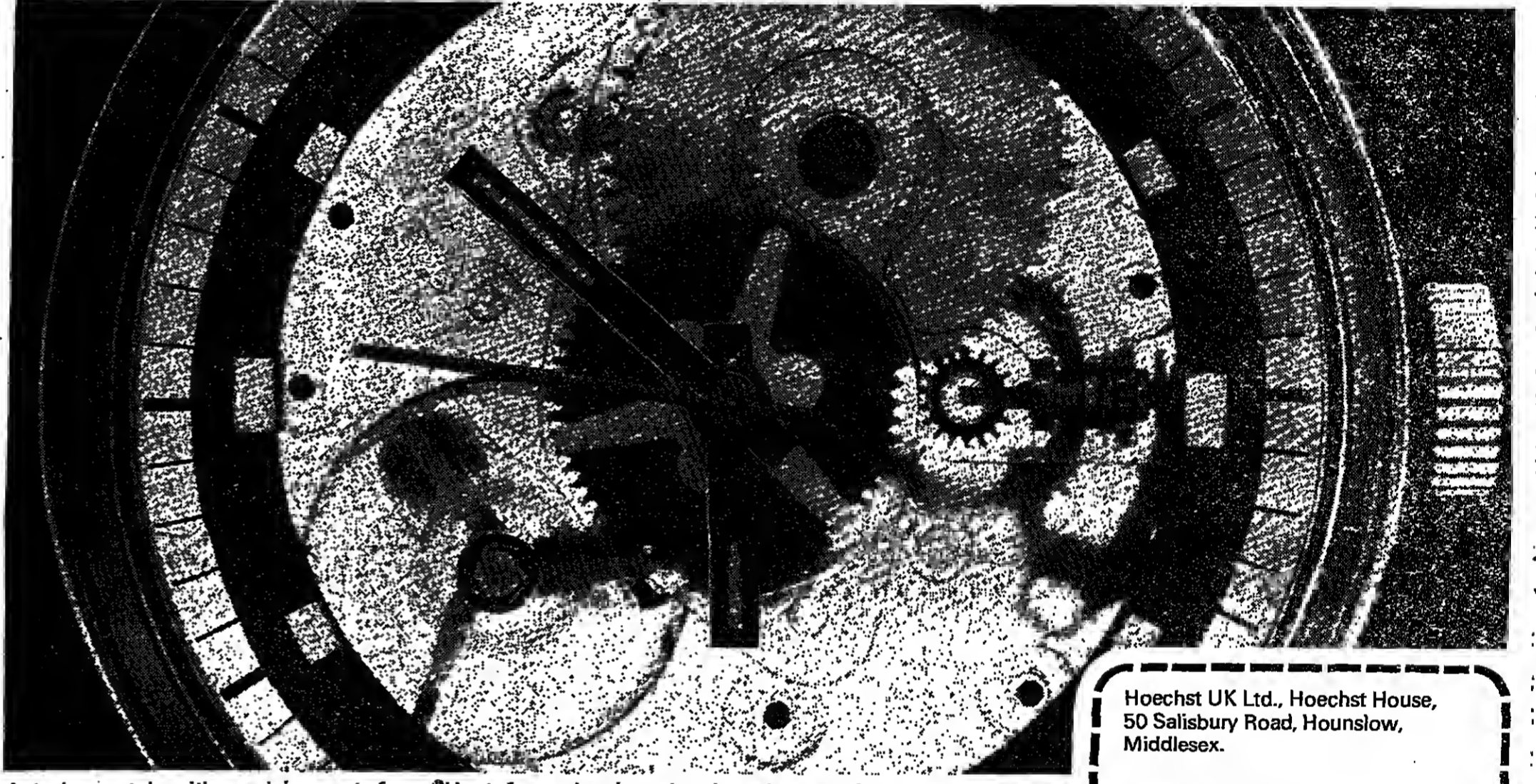
Owner loses in claim against Jockey Club

Mr George Green, a racehorse owner, and Mr Albert Davison, a trainer, yesterday lost a High Court case in which they sued the Jockey Club for negligence.

They said that Franwin, Mr Green's six-year-old gelding, had suffered from impaction (a blockage in the gullet) giving a routine dope test at Folkestone in 1972.

Mr Justice Waller, in a reserved judgment, held that he was not satisfied that Franwin had eaten straw while in the dope-testing unit.

Mr Green, of Wallington, Surrey, and Mr Davison, of Caterham, had sought to recover damages for the opportunities to win which the horse had missed. Mr Green had claimed damages for being deprived of the pleasure of seeing Franwin run, as he had been unable to race for two months after the incident. Had the action been successful, the judge said he would have awarded Mr Green only "modest" damages for the loss of pleasure of seeing Franwin run, while £500 "would have been appropriate" for compensation for the loss of chances of winning races. He gave judgment with costs for the Jockey Club.



Astrolon watch, with precision parts from Hostaform, developed and produced by Tissot

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HOME NEWS

Four-star petrol will cost from 62½p to 74p, garage men say

By Edward Townsend
Wide disparity in petrol prices is expected at garages today, with the abolition at midnight of maximum price controls...

some areas operated only one pump. Others, who had had deliveries at the new price chose to stay open and retain motorists' goodwill.



The deserted forecourt at a filling station in Old Kent Road, London, yesterday.

Jail for two on charges over Oxford bombings

From Our Correspondent
Two of the five men in the Oxford "time bomb" trial were given prison sentences yesterday.

British Library loses latest round for Bloomsbury site

By Kenneth Gosling
In the face of continued opposition by the British Library, the Government is to go ahead with detailed design work so that construction of new buildings for the library can begin in 1979-80...

buildings, the board said, also issued a pamphlet setting out its detailed arguments, would be the most impressive of its kind in any capital city.

Atlantic trough may yield Britain fortune in oil

From Ronald Faux
A deep cleft in the bed of the Atlantic severs hope of a Danmark-style oil field on the Rockall, the remote island annexed by Britain in 1955 and now a possible key to the ownership of an oil-rich seabed...

County inquiry into case of 'Belsen' baby

Mr George Newton, Director of Social Services for Wiltshire, said yesterday that he was conducting an investigation into the case of Matthew Gavin, aged 21, and had called for the facts...

February election spending was up 44 per cent to £2m

By Our Political Editor
In the general election of February 28 last 2,135 candidates spent an average of about 5p on each elector, compared with 37p in the general election of 1970...

Guard's failure blamed for rail crash

A guard's failure to connect a brake vacuum pipe was blamed yesterday for a train crash which wrecked part of Chester General Station in May, 1972...

Food prices

Tomato prices have risen sharply in the past week to more than 40p in the pound in some shops and cauliflowers and sprouts have shown small increases...

Councils to get £240m grant for transport

The Government yesterday announced a £240m supplementary transport grant to county councils and the Greater London Council for 1975-76...

Christmas makes essentials dearer

The cheapest fresh food at Christmas is always the least festive an filling. This year avocados, mackerel, large cuts of forequarter beef on the bone, salami and satsumas have all escaped the demand pressures...

Food prices

Starting at about 25p a pound and trimmed ribs up to more than 65p. Fresh poultry has increased in the past week and next week it may be hard to find a fresh turkey that is not extremely heavy...

Councils to get £240m grant for transport

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WEST EUROPE

EEC proposal for state aids to industry goes against Labour's renegotiation demands

From Roger Berthoud
Brussels, Dec 19
A potentially inflammatory document has been safely assembled just inside the desk of Mr Anthony Wedgwood Benn, the Secretary of State for Industry...

This was agreed by the Six, the founding members, in 1971 to prevent big firms toning for the maximum incentives to invest, with the plum going to the highest bidder.

Under the new draft scheme, if it emerges intact from the scrutiny of the 13 members of the Commission, including the British members, Sir Christopher Soames and Mr George Thomson, there would be four regional categories, each with a different ceiling.

The Pope urges 'disarming of minds'

From Peter Nichols
Rome, Dec 19
The Pope said today in his annual peace appeal that "minds had to be disarmed if recourse to war were to be effectively stopped".

Madrid envoy tells of threat to kill him

From Our Correspondent
Madrid, Dec 19
The Chargé d'Affaires of Equatorial Guinea in Madrid was given special police protection today after he complained that he was being threatened to kill him and his family.

Uruguayan diplomat shot dead in Paris

From Richard Wigg
Paris, Dec 19
Colonel Ramón Trabal, military attaché at the Uruguayan Embassy in Paris, was killed today as he was parking his car in an underground garage near his home.

County inquiry into case of 'Belsen' baby

Mr George Newton, Director of Social Services for Wiltshire, said yesterday that he was conducting an investigation into the case of Matthew Gavin, aged 21, and had called for the facts...

Schroder-Arafat talks cause storm in Bonn

From Our Own Correspondent
Bonn, Dec 19
Dr Gerhard Schröder, the former West German Foreign Minister, came home to a political row today after a visit to the Middle East during which he saw Mr Yassir Arafat, the Palestine Liberation Organization leader.

Rights body to consider wire tapping claim

From Our Correspondent
Strasbourg, Dec 19
A claimant that a West German Act of 1968 permitting secret wire tapping and control of correspondence contravenes the European Convention on Human Rights was declared admissible today by the Commission of Human Rights in Strasbourg.

French postmen go slow over pay stoppages

From Our Own Correspondent
Paris, Dec 19
With some 19 million letters waiting to be delivered, the backlog of a six-week strike, French post office workers have now started working to rule.

French aircraft carriers for Mediterranean

From Our Own Correspondent
Paris, Dec 19
In order to strengthen its presence in the Mediterranean, France has decided to move its two aircraft carriers, the Clemenceau, from their present base at Toulon to the anti-aircraft cruiser Colbert and two frigates will also be moved.

Naples industrialist kidnapped by car ruse

From Our Own Correspondent
Rome, Dec 19
Signor Giuseppe Moccia, a ceramics and cement manufacturer, has been kidnapped in Naples during the past few months for the time lost during the strike.

Uruguayan diplomat shot dead in Paris

From Richard Wigg
Paris, Dec 19
Colonel Ramón Trabal, military attaché at the Uruguayan Embassy in Paris, was killed today as he was parking his car in an underground garage near his home.

Basque hunted for shooting civil guards

From Our Correspondent
Madrid, Dec 18
After four civil guards were cut down by machine-gun fire in less than 24 hours, Spain's most wanted man today is a Basque, who is also suspected of being concerned in the assassination of Admiral Luis Carrero Blanco, the Prime Minister, a year ago tomorrow.

Basque hunted for shooting civil guards

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OVERSEAS

Congress ignores Kremlin denial

From Frank Vogl US Economic Correspondent Washington, Dec 19 Both houses of the United States Congress moved swiftly today to ensure enactment of important Bills dealing with trade (despite mystifying denunciations by the Russians), foreign business, taxation and rising unemployment.

Congressional leaders deliberately chose to ignore yesterday's bewildering outburst on trade issues from Moscow, as they rushed ahead to reach agreement on a final revision of the Trade Reform Bill.

The Bill is almost certain to pass through both Houses within the next few hours, thus paving the way for an early start next year to a new round of trade liberalization negotiations within the General Agreement on Tariffs and Trade.

Because of Moscow's repudiation of having ever given assurances the emigration policies will be eased in return for trade concessions it is now by no means certain whether the Trade Bill will lead to expanded United States-Soviet trade and, more importantly, to an improvement in the general prospects of East-West détente.

Administration officials and Congressmen largely take the view that the Russians will go ahead with the lifting of emigration restrictions. Yesterday's statement from Moscow is widely seen as no more than a face-saving public relations exercise by the Kremlin leadership, aimed at dispelling the impression that Soviet internal policies have in any manner been modified on account of pressures from Congress.

Edmund Stevens writes from Moscow: Official reaction here to the Tass statement denying that the Soviet Union had promised to relax restrictions on emigration in exchange for trade benefits is not yet available but Western observers tend to agree that it is simply a face-saving gesture for the record. They feel that neither the Tass denial nor the appended Gromyko letter to Kissinger dated October 26 would have been published had quiet diplomacy been allowed to take its course.



Chinese Army cavalry on exercise in the snow along Sinkiang's border with the Soviet Union. In Moscow reports of frontier clashes were officially dismissed as a fabrication.

Ford mark on new style White House

From Fred Emery Washington, Dec 19 Announcing that President Ford had "put his house in order", Mr Donald Rumsfeld, the White House chief of operations and coordination, has unveiled the completed staff organization.

Living up to the original pledge of openness, he released the internal staff telephone directory to the press, as well as an office floor lay-out plan. It is axiomatic that proximity is power, and there are some important changes. The President himself takes over a "study" adjacent to the Oval Office for more informal work.

More substantially, the director of the office of management and budget moves altogether out of the White House West Wing, where Mr Roy Ash and his Nixon regime predecessors had an office. Mr Ash's resignation becomes effective in February.

Cabinet functions previously usurped at the Nixon White House are being returned to the departments at Mr Ford's order. Five men at the Ford White House are given Cabinet rank. They are Mr Philip Bohren, the President's legal counsel, Mr Hartmann who is in charge of all speech writers, as well as political advisers, Mr John Marsh, also ranked as "counselor", who is in charge of congressional relations and public liaison; and Mr Rumsfeld. The youthful Mr Rumsfeld will not have it that he is the "chiefest" person next to the President, but he is seen to be so.

Split in East African Community

From Our Correspondent Nairobi, Dec 19 Relations between Kenya and Tanzania became even more strained today as Kenyans took retaliatory measures against recent actions by Tanzania. Tanzania had closed its roads to traffic between Kenya and Zambia and expelled Kenyans from jobs.

In Kenya, Mr Eliud Mahiu, the Coast Provincial Commissioner, ordered all road traffic on two through roads between Mombasa and Dar es Salaam to be turned back. The official reason is that road work in progress has made the roads impassable.

The East African Railways Corporation has been instructed not to issue passenger tickets between Kenya and Tanzania. The effective closing of the border has left hundreds of Kenyans stranded in Tanzania, and an equal number of Tanzanians unable to leave Kenya.

Ugandan ports, has been held at the Kenyan port of Kisumu. The ostensible reason is the cholera outbreak in the town this week.

So far as is known, only one border post between the two countries still remains open, at Namanga. But the use of this route for traffic between Mombasa and Dar es Salaam adds about 700 miles to the journey. The East African Community's airline, East African Airways, has not yet been affected.

Yesterday Mr O. G. Mbendela, a Tanzanian employee of the East African Harbours Corporation, who is a port supplies officer at Mombasa, was ordered by the Coast provincial commissioner to leave Kenya by 6 am today. He left last night.

Although today's moves have been made by the Coast provincial commissioner, it is understood from reliable sources that he was in Nairobi for consultations with senior government officials earlier this week.

Observers in Kenya suggest that this week's actions on both sides of the border, after a long history of dissension between the three partner states, may indicate the imminent break up of the Community, established by the treaty of East African Cooperation in 1966.

FBI forbidden to snoop on socialists

From Our Own Correspondent New York, Dec 19 A New York federal judge has forbidden the Federal Bureau of Investigation (FBI) to spy on or monitor a meeting of the Young Socialist Alliance.

The meeting is to take place in St Louis at the end of the month, and its participants went to court to prevent the FBI from snooping on them. They argued that action of this sort would inhibit people from attending the meeting, and that if the FBI was allowed to draw up a list of those taking part it might be to their detriment later in life if any of them applied for government jobs.

Supreme Soviet promises effort to fulfil targets

Moscow, Dec 19.—Deputies of the Supreme Soviet, after acclaiming Mr Brezhnev, the party leader, on his sixty-eighth birthday, went on today to discuss the state's proposals for defence spending cuts and measures to raise industrial output and living standards. More than 1,500 deputies from all parts of the Soviet Union met in both chambers of the Supreme Soviet for the second day and were expected to approve the state budget unanimously tomorrow.

Mr Garbuzov, the Finance Minister, yesterday proposed a 200m rouble (£118m) cut in military spending next year as a gesture towards détente. His draft budget also provided for greater investment in the social services.

The state plan calls for intensive efforts next year—the last in the current five-year period—to increase output, particularly in the industrial producer goods sector, and meet targets laid down by the Government and the Communist Party. Speakers dealt with minor deficiencies in the economies of their regions, ending with calls for the adoption of the plan and the budget and assurances that the workers of their constituencies would do their best to meet the targets. Recommending that delegates affirm the government and party proposals, Mrs N. A. Zlobina (from a Moscow electoral district) assured the party Central Committee that the capital workers "will bend all efforts to fulfil successfully the plans for 1975... and will answer the concern of the party with a new, higher level of socialist competition and remarkable achievements to work".

Four months' jail over false Nixon tax return

From Patrick Brogan Washington, Dec 19 Another former assistant to President Nixon was sentenced to prison today. Mr Edward Morgan, who helped the former President to falsify his income tax returns in 1974, was sentenced here to a two-year term, of which he must serve four months. He will be put on probation for the rest of the time.

Nixon's vice-presidential papers were the occasion, and pre-dated it so that it would permit Mr Nixon to deduct the supposed value of the papers from his income tax. The law had then been changed, forbidding the practice, and Mr Morgan, who was deputy counsel to the President, had performed an act of forgery to save Mr Nixon \$500,000 (about £217,400).

When the matter was discovered and Congress had examined the case, it ruled that Mr Nixon owed the tax authorities \$516,000 and he agreed to pay back some \$470,000. The question of Mr Nixon's possible fraud was left open and has now been closed by President Ford's comprehensive pardon of his predecessor. The House of Representatives judiciary committee, after an impassioned debate, rejected the proposal to indict Mr Nixon for income tax evasion.

of them to a prison in California. Four others, together with one of the 17, are on trial now for the Watergate cover-up, a former Secretary of the Treasury has been indicted for bribery, and another Cabinet secretary is expected to be indicted soon. In sentencing Mr Morgan, Judge George Hart said that he deserved much sympathy but that he had willfully betrayed his trust in the law and the public. "Such an action cannot depart this court unlogged," he said.

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UN to increase its pay bill by £11m

From Our Own Correspondent New York, Dec 19 The United Nations General Assembly has agreed to a 6 per cent pay increase for the 19,000 employees of the world body. The decision was taken at the Assembly's closing session last night, in spite of opposition from the Americans, Russians, French and Italians. The Americans said that the increase would put United Nations salaries well above those of civil servants. Britain, West Germany and Japan voted for the increase, as did most of the developing countries. The increase was adopted by 90 votes to 21, with 20 abstentions. It will cost a total of \$26m (£11.3m) a year.

Delhi test for Bhutan's monarch

From Michael Hornsby Delhi, Dec 19 King Jigme Singye Wangchuck, aged 19, the ruler of the remote Himalayan kingdom of Bhutan, is on a four-day visit to Delhi amid reports of strain in relations with his giant Indian neighbour. In spite of the formal protestations of friendship which marked the arrival ceremony here yesterday, Mrs Indira Gandhi, the Indian Prime Minister, is expected privately to make known to the young monarch her concern over anti-Indian sentiment in Bhutan. Apart from Mrs Gandhi, the King is also holding talks with the Minister for External Affairs, Defence, Planning, Energy and Industry. He is accompanied by his Foreign Minister, Mr Dave Tshering, and by his sister, Princess Ashi Decho.

India is always sensitive about its relations with the strategically situated Himalayan kingdom, and is especially so at present because of the unfavourable international reaction to its virtual annexation of Sikkim last September. The Sikkim developments provoked a wave of anti-Indian demonstrations in Nepal, and while there was no public reaction in Thimpu, the Bhutanese capital, it is certain that the royal family, which is related to the Chogyal of Sikkim, was most unhappy. The King and his advisers are known to favour a reduction of Bhutan's heavy dependence on India, which has provided more than 90 per cent of the funds for Bhutan's economic development and exercises a large measure of control over the kingdom's affairs. Among other things, the King and his Foreign Minister have both argued that the Indian guidance, which under the treaty of 1949 they are obliged to take into account in the conduct of Bhutan's foreign policy, should not be regarded as binding. More recently, Bhutan is reported to have upset the Indians with a proposal for the opening of offices abroad—in London, Paris, Bonn and New York—

Middle East impasse increases talk of war

From Paul Martin Beirut, Dec 19 After a year in which peace dominated Middle East thinking, the area has slipped back into uncertainty akin to the "no war, no peace" days before the October War. During the past month Israel and its Arab neighbours have increased their war of words to a pitch that has made another round of fighting appear almost inevitable. Daily the predictions of war come from one side or another. Israel has betrayed its restlessness with threats against Syria and, more recently, against interested Arab parties further afield.

Hints about nuclear capability are regarded as another ominous sign. All this comes after a series of diplomatic setbacks for Israel. On the Arab side, President Sadat of Egypt has likened the present situation to a "time bomb" ready to explode. King Husain of Jordan has declared that it is no longer a question of whether there will be another war but how soon it will come. A President Assad of Syria believes that the next six months will be crucial in deciding whether there will be peace or war. What is clear to all is that the peace machinery has ground to a halt. With the initial disengagement agreements in the Sinai peninsula and on the Golan front almost history, the Arabs fear that the momentum created by Dr Henry Kissinger is in danger of being lost. This in turn has endangered the American Secretary of State's step-by-step approach to a settlement and set all concerned on a collision course. Although talk of war does inject a sense of urgency into the

Agreement signed by Angolan leaders

From Our Correspondent Lusaka, Dec 19 The two main Angolan liberation leaders, Dr Jonas Savimbi and Dr Agostinho Neto, flew to Lusaka together today after signing an agreement which partly paves the way for constitutional talks with the Portuguese and the establishment of an interim government. Dr Savimbi heads the militarily strong Unita, and Dr Neto the widely-supported Popular Movement for the Liberation of Angola (MPLA).

Although not a declaration of total unity the document shows sufficient agreement for the two movements to go together to the conference with the Portuguese. What is needed now is a similar agreement with the National Front for the Liberation of Angola (FNLA), led by Mr Holden Roberto, who is believed to be in Zaire. Before leaving Angola today, Dr Savimbi told me that he and Dr Neto would be attempting to get in touch with Mr Roberto as soon as they reached Lusaka. Dr Savimbi took me to one of his secret base camps in the Angolan bush. About 1,500 heavily armed troops, including several women, were on parade. He said he believed that a transitional government comprising three members from each movement and headed by a Portuguese high commissioner would be in power in Angola before the end of the year. This, he said, should stay in power for a year to give time for preparations for a general election and full independence.

US firm in deal for Soviet music rights

From Peter Strafford New York, Dec 19 The New York publishing firm of Macmillan has made a deal with the Russians by which it will have exclusive rights to the publication and performance of Soviet music in the western hemisphere. The arrangement covers all existing and future Soviet music, and is to last at least 10 years, according to Macmillan. Macmillan acquires the right to use Soviet music for records, television, radio, films, the stage, concert performances, printed publication, and any other performances. After signing the Universal Copyright Convention, the Russians have made arrangements with the American Society of Composers, Authors and Publishers and with Broadcast Music Inc. by which American composers will receive royalties on music performed in the Soviet Union. The arrangement with Macmillan will put an end to the situation in the United States where royalties were sometimes, but not always, paid to Soviet composers. Mr William Halsey, senior vice-president of Macmillan, who was the chief negotiator with the Russians, said that the firm would be sending representatives to the Soviet Union to look for promising material. There is no connexion between Macmillan of New York and Macmillan the London publishers. All links were broken to the 1930s.

TIO PEPE THE other sherry. An advertisement for Tio Pepe sherry featuring several bottles of different varieties like Carallero Sherry, La Concha Sherry, and Bristol Milk Sherry. The bottles are arranged in a cluster, with the Tio Pepe logo prominently displayed at the top.

OVERSEAS

South Africa considers whether to stay in the United Nations

From Our Correspondent Johannesburg, Dec 19. South Africa has reacted angrily and bitterly to the latest resolution on South-West Africa of the United Nations Security Council and has stated that its continued membership of the world body, which it helped to found in 1945, is being considered.

Japanese report attacks trade with Namibia

From Peter Hazelhurst Tokyo, Dec 19. The recent decision by the United Nations asking South Africa to withdraw from the trust territory of Namibia (South-West Africa) placed the Japanese Government in an acute dilemma in Parliament today.

Cypriot leaders discuss peace talks resumption

From Our Correspondent Nicosia, Dec 19. Mr. Rauf Denkash, the Turkish Cypriot leader, conferred with Mr. Glafkos Clerides, the Greek Cypriot president of the House of Representatives, here today to consider the resumption of their interrupted peace talks.

Argentina talks of taking Falklands by force

By Stuart Stirling. A campaign is gathering momentum in Argentina's press for an invasion of the Falkland Islands, which have been under British occupation since 1833.

Turning a Welsh valley into a utopia for bookworms



In the haunted magical country of the Welsh borders one quickly becomes accustomed to the unexpected. But there is still something slightly unreal about Hay-on-Wye, a tiny marker town in the shadow of the Black Mountains; 10 years ago all but moribund, it has since found economic salvation in, of all things, second-hand books.

Specialized readership. "For instance, some of the most important stuff being written about Northern Ireland today is published in Lithya, in Arabic." The most sought-after books are paradoxically scarce.

Bonds of affection for the future

Children are often given more expensive toys than they need. And as a result, friends, godparents and other see much more point in giving some cash—which can be saved up for something really worthwhile in the future.

On the other hand the larger the number of bonds held, the better are the chances. Some parents, for instance, may be able to make over cash to children at an early age.

Step-by-step recipe book for the diffident cook

Robert Carrier, one of the world's better known cooks, says that one of his favourite dishes is perfectly cooked bacon and egg.

By John Gaselee. The other sections are more specialized and deal with sauces, vegetables, pasta, pastry, bread, casseroles and the section on soufflés is simplicity itself, and the author defies anyone to have a disaster because the basic proportions are so carefully defined.

ENTERTAINMENTS

Opera and Ballet, Theatres, Concerts, and various theatre listings including Covent Garden, Royal Albert Hall, and various regional theatres.

Advertisement for 'The Freeway' at The National Theatre at the Old Vic, featuring Peter Nichols' comedy.

THE ARTS

From the Sternheim cycle

The Snob Open Space

Charles Lewsen

This is the second play of Carl Sternheim to be offered by the Open Space; like Schippl it comes from the cycle begun in 1911...

Covent Garden postpones Siegfried

Because of ever-rising costs, the new production of Siegfried at Covent Garden is to be postponed from May, 1975...

ART EXHIBITIONS

- LEFEVRE GALLERY: An exhibition of Impressionist and Post-Impressionist drawings...
NATIONAL GALLERY: SCHOOL'S OUT! Art exhibition for children...
WARRINGTON GALLERY: Exhibitions of various artists...

A trip back to the forest of Dean

Badlands (x) Academy One

The Man with the Golden Gun (a) Odeon, Leicester Square

Airport 1975 (a) Paramount/ABC Shaftesbury Avenue

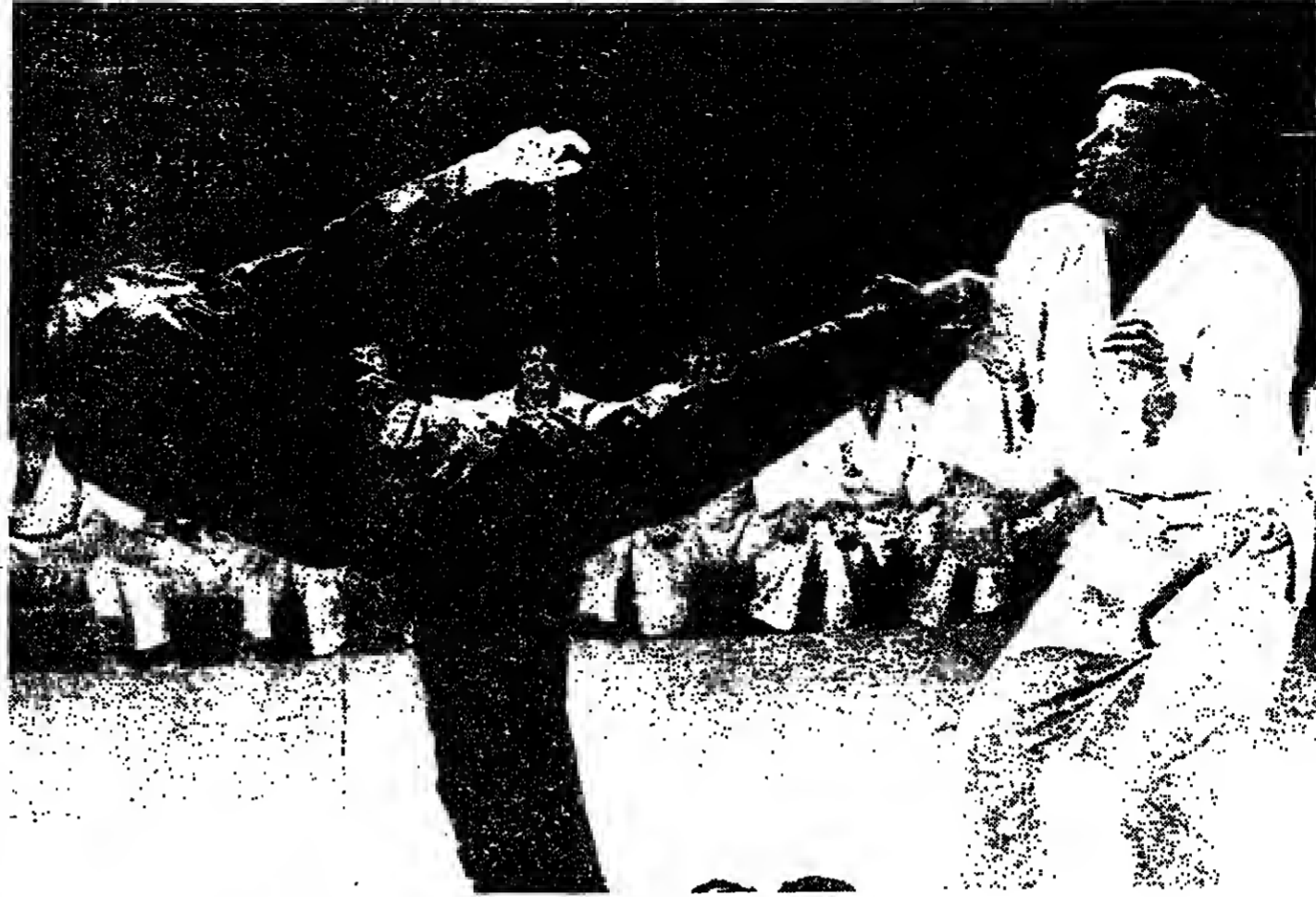
The Mad Adventure of Rabbi Jacob (u) Carlton

Badlands is very loosely inspired by a headline of January, 1958, when a 19-year-old from Lincoln, Nebraska...

Sternheim's theme is that nature has its own aristocracy, and that the man with the pure voice, or the imagination to lie his way to power...

Romantics both, they set up home in a Huck Finn treehouse. A group of hunters discover them, so Kit shoots them dead...

On the face of it then, it is a kind of Bonnie and Clyde; and there is an acknowledgement from Arthur Penn...



A chop for Bond: Roger Moore in The Man with the Golden Gun

own style, and its own very distinctive tone. When there are echoes of other films, it is because they are echoes of the whole culture out of which Kit and Holly are compounded...

Even Holly mildly thinks that "Sometimes he acts like there's something wrong with his head"; but there is no real sign of it except for the intent seriousness of Kit's eyes...

isolated in long shot, he crazily kicks the side of a barn. Holly goes cheerfully along with his role as leader and senior, and accepts the inconsequentialities of his behaviour...

spot for posterity; and anyway, "He hated the idea of being shot down without a girl to shout out his name."

runcible bread rolls they sold to their tea-shops. Only those with sharp eyes and astronomical memories would have noticed that it was done by gradually reducing the size of the rolls...



Paola Dionisotti, Philip Donaghy and David Hill Photograph by Donald Cooper

Remember the Truth Dentist Theatre Upstairs

Irving Williams

Heathcote Williams writes as a citizen of Albion Free State unfortunately stranded in Britain, 1974, and consequently a captive of landlords, taxmen, and the church...

AC/DC: but in making the perilous transition from artist to pundit, they are acquiring a cranky obsessiveness. To some extent they are rescued by language...

Deprieved of dramatic characters, Mr Campbell's cast rely heavily on contrasts of personality which may not prove Williams' point but serves very well out front...

David Robinson

(kicking a man when he's bowing) fills the Odeon audience with squealing delight...

In a way there is hardly any point in debating the merits of a Bond film or of Airport 1975, which are equally good for ever...

The obligatory slice of life includes Sid Caesar and Marge the funny, Myrtle Lee getting tipsy, the usual drunk who wakes up when the catastrophe is all blown over...

The Mad Adventures of Rabbi Jacob, directed by Gerard Oury, is reckoned to be very, very funny in France...

I'm sorry I said in my remarks about the National Film School last week that Horne Boylston directed by Chris Colles...

I will be reviewing Billy Wilder's re-make of 'The Front Page, which opens on Boxing Day, next Friday.

Cinderella Casino Theatre

Sheridan Morley

The first thing to be said about Cinderella is that it is a bit of both. It has brought the London Casino back to the world of living entertainment for the first time in 20 years...

Lifestyle, Mary Quant BBC 2

Gillian Reynolds

We should make the most of Mary Quant. It is improbable we shall see her like again (self-made fashion tycoon, expert in the manufacture and marketing of all things peripheral, prophetess of the mildly outré) in the next hungry decade and a half...

London Mozart Players Festival Hall

Stephen Walsh

Sanwiched between their usual solo orchestral efforts, the London Mozart Players, and Harry Blech gave us two Mozart concertos on Wednesday...

It would be nice to report that Twigg, making her stage debut, established herself as a major theatrical talent...

Given then a ooo-oote Clodius, played in an attractive if unadventurous key of sustained Scandinavian spectacular...

But tradition is in fact only a part of what this Cinderella is about, and one of its difficulties is a large number of divided loyalties...

as the Beach Boys once memorably put it, fun, fun, fun. For myself, I have never before seen the invented the mind skirt...

Today, as Bridget Winstanley's essay in the Lifestyle series lovingly illustrated she is engaged in more than the mere making of frocks...

with music of haunting and in context rather unexpected eloquence.

Claude Frank made much of the work's bravura writing, though his finale tempo taxed him, I think, and there were other, more gratuitous carelessnesses in the first movement...

Hensolo persuades us that it can also be fun: the rest perform with operatic relentlessness, clearly sparing no effort or exertion...

Back on the credit side, Joyce Grant, like no one else has twinkled since Binnie Barrow in The Wizard of Oz...

The highly observant may notice the absence of a kitchen slapstick scene and that Mr Corbett has a curious tendency to change partners in the juggling sequence...

Quant's own considerable charm, enthusiasm and determination in this film as it was to resist the recurrent irony in its editing...

There was, too, an odd literary feel about the way Miss Q and her husband, Alexander Plunket Greene, came over in this programme...

ance showed at once where the music's greatness lies, namely in its extraordinary "vocal" quality of line...

Mr Tackwell's playing, though perhaps too demonstrative (too effortless in every sense) was of extreme beauty, in tone as well as line...

Three out of final England trial

By Peter West
Peter Rossborough, full back in the England XV, and Geoffrey Evans and Alan Wordsworth, centre and stand-off half for the Rest, have all been selected for the final trial at Twickenham tomorrow...



Neil Bennett (left) and Andy Maxwell, who join the Rest XV as replacements.

league still has not fully recovered from the swollen game that kept him out of the Midlands side in the Healding trial.
Andy Ripley, the England No 8, will not be available for Midlands...

Bennett relegated to the Welsh Possibles team

By Peter West
Phil Bennett, the British Lions stand-off half, has been relegated to the less fancied side for the final Welsh trial, between Probables and Possibles, in Cardiff on January 4...

leage for his place in the national side has mounted insistently. That is not to say that Bennett, who is not to say that Bennett, who is not to say that Bennett...

Show jumping

Smith considering action over 'loss of livelihood'

By Pamela Macgregor-Morris
David Broome, who won the St Nicholas Stakes at the Cunniff International Show at Olympia on Wednesday night with the former...

Squash rackets

Electric hare who is here, there and everywhere

By Rex Bellamy
Squash Rackets Correspondent
For the fourth time in five seasons the British amateur rackets champion will be a Pakistani...

Book reviews

The view from the eye in one's right knee cap

As usual, this winter I braced myself to withstand the minor avalanche of books that descend on me in the Christmas market...

forward of its address position, the right knee cap should sit pretty much in the middle of the ball through impact. The knee will swing round to face the target after impact...

Cricket

Edrich could be back in action at Adelaide

From John Woodcock
Cricket Correspondent
Adelaide, Dec 19
Edrich and John Edrich (so long as he comes through a net practice tomorrow) will both return to the MCC side for their match against South Australia...

Football

Wycombe bring new Continental angle to an old English slope

By Gerry Harrison
A mixture of drama, romance and a slice of two of make-believe played out on stages dotted round England and Scotland last production...

Bournemouth were without the injured goalkeeper, Charlton throughout the second half while they had a forward, Wingate, goal. Goals from an estate agent and a schoolteacher put the through into the third round of the first time...

Australian tour goes on despite critics

Sydney, Dec 19.—The Australian Cricket Board of Control has no plans to cancel a proposed tour of South Africa in 1975, despite Australian Government opposition...

No agreement on bonuses

Top football officials from the four home countries deferred a decision on bonus payments for international players after they failed to agree at a meeting in Glasgow yesterday.

Crewe dismiss Melia

Crewe Alexandra last night dismissed the manager, Alan Melia, the man who was named the Fourth Division manager of the month for August.

Today's fixtures

- First division
Leicester City v Ipswich Town 17.30
Sheff Wed v Coventry City 17.30
Third division
Colchester United v Grimsby Town 17.30
Fourth division
Lincoln City v Stockport County 17.30
Northern Premier League
Sheff Wednesday v South Liverpool 17.30
Rugby League Division Two
Barrow v Wigan 17.30

Robins invites four Test Australians

Derrick Robins, the Midlands industrialist, has invited four of the Australian Test side to tour South Africa this winter. They are the left-handed batsmen, Ian Chappell, Mark Waugh, and the new fast bowler sensation, Jeff Thompson...

Tennis

Over the hill and not so far away

Sydney, Dec 19.—John Newcombe and Ken Rosewall, the top two seeds, were beaten in the quarter-final round of the New South Wales Open tennis tournament here today and Newcombe, for one, said he was happy to go.

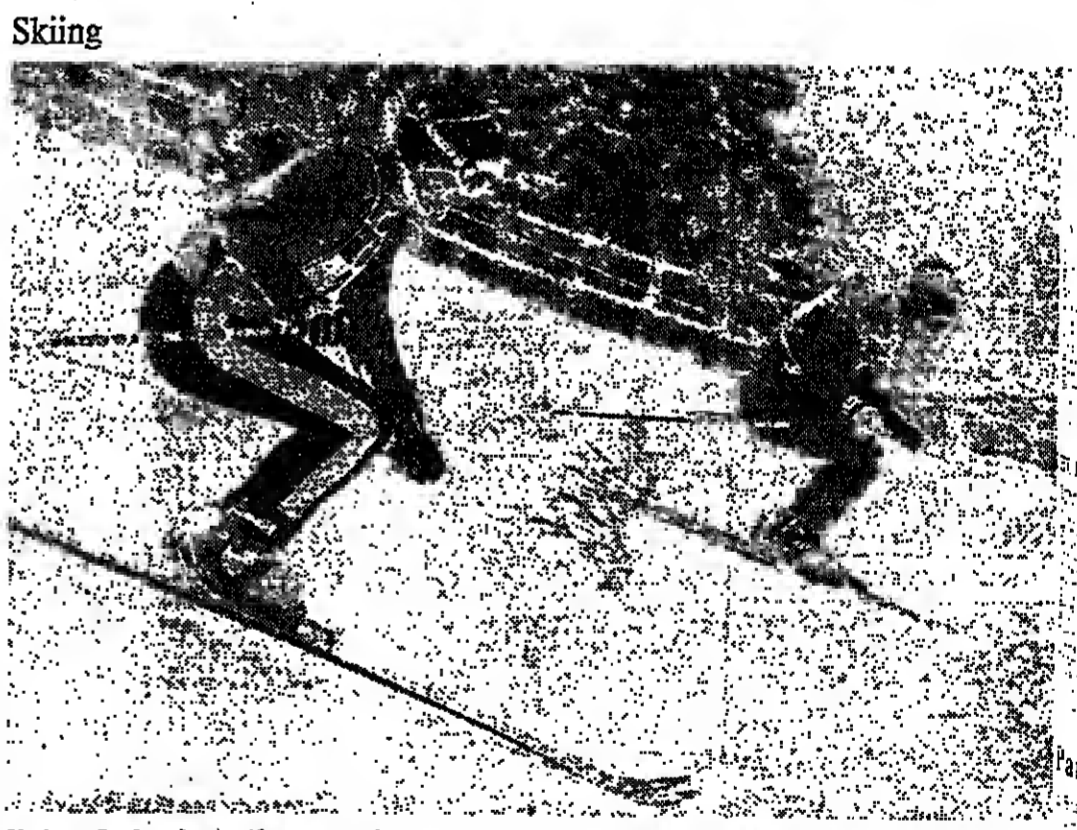
Rackets

Tidall's power decides fine match

By Our Rackets Correspondent
H. R. Murray-Phillips (Edin) and D. K. T. Watson (Marlborough) will meet R. M. Tidall (Harrow) in the semi-final of the Colts division of the schools rackets championship at the Queen's Club today.

Skating

Christa Zechmeister (foreground) competing with Anne-Marie Möser in yesterday's final.



Mrs Moser has no parallel in Austria

Saalbach, Dec 19.—Annemarie Moser, voted sports personality of the year by the Austrian press today, celebrated with a commanding victory in a special knockout competition here. She outskied West Germany's Christa Zechmeister in the final of a 16-woman contest over a mixed discipline course—the first event of its type in Europe.

The powerful Austrian girl, winner of the World Cup for the past four seasons, called on all her slalom and downhill skills to beat Miss Zechmeister, who dominated international slalom competition last year.

The event, called a "parallel slalom" was a trial for a star competition in March at Garmisch-Partenkirchen, which will have World status. The top women slalomists in Saalbach for a World Cup do hill race on Saturday, for Mrs Moser, who won the last do hill at Cortina, Italy, last week clear favourite.

Table tennis

Japan to send team to world championships

Tokyo, Dec 19.—Japan will send a 10-member team to the thirty-first world table tennis championships to be held in Calcutta next February.

Boxing

Wood drops a weight against Attivor

Tim Wood, of Leicester, who had 12 contests as a heavyweight, drops a division to meet Victor Attivor, of Ghana, at the Albany Hotel, Nottingham, on January 13.

Snow reports

Table with columns for location, snow depth, and weather conditions. Locations include Switzerland, Italy, and Scotland.

Ice hockey

NATIONAL LEAGUE: New York Rangers v Minnesota North Stars 8.00
Detroit Red Wings v Los Angeles Kings 8.00

Exchange of tours

The Indian Cricket Board of Control has suggested that India and Pakistan should exchange tours late next year, playing about five weeks in each country.

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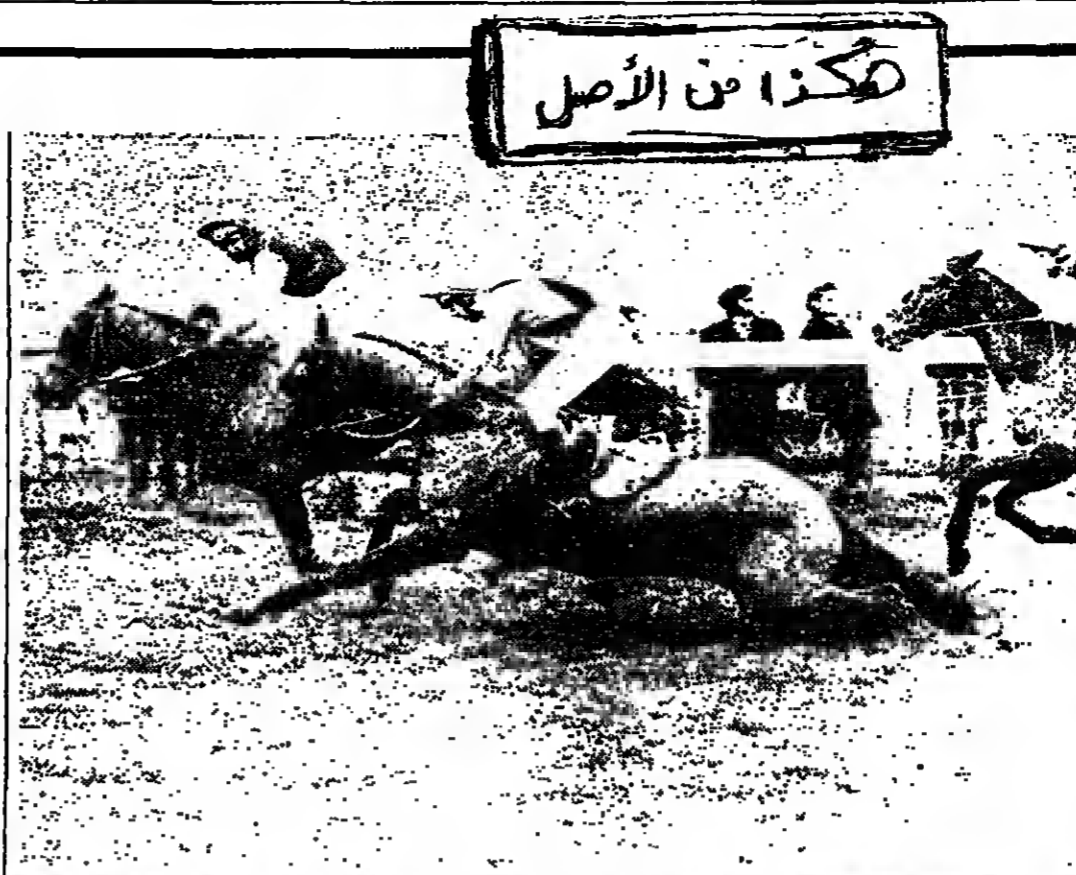
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SPORT

High-level action required to stop rape of English bloodstock

Michael Phillips racing Correspondent... Denis Howell, the Minister of Agriculture, said while he was taking part in a discussion on television in programme Sportsnight...



Mackden Rock falters in the Whitlaw Gold Cup Steeplechase at Folkestone yesterday. He recovered sufficiently to continue the race.

Francome rides his 100th winner

John Francome rode his 100th winner, King Flame, in Folkestone's Whitlaw Gold Cup Steeplechase yesterday. Completing a double for Richard Head, whose Arty Crayke won the first race...

Dad's Lad completes 100 for Peacock

When Dad's Lad passed the post an easy but tired winner of the Christmas Staking Handicap Steeplechase at Southwell yesterday it was the Turfworld based Ray Peacock's 100th winner in nine years' training...

Tesside Park programme

- ROKER HURDLE (Div I: Novices: £170: 2m 176yd)
0 Arctic Glast (J. Hales), J. Lohr, 4-11-0...
0 Centred (J. Arlison), W. A. Stephenson, 4-11-0...

Chepstow programme

- 12.45 NORMAN STEEPLCHASE (Div I: Novices: £340: 2m)
101 400/201 White Wings (Mrs W. Whelan), S. Mather, 11-10...
102 402/021 B. J. B. (J. G. Goad), D. Searns, 11-10...

Setting plenty of store by a son of Peter Jones

By Jim Snow
Many of Neville Crump's horses at Middleham are suffering from the virus, but one who has a clean bill of health and may win today's Teeside race is Glen Owen...

Science report
Neurology: The action of LSD on nerve cells

A newly discovered effect of LSD activity of an enzyme. Adenyl cyclase is an enzyme which is activated when dopamine agonists interact with the dopamine receptor...

Teeside Park selections

- 1.30 Glen Owen, 2.0 Stay-Bell, 2.30 Ye. 3.0 Pride of Pwca.
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Chepstow selections

- By Our Racing Correspondent
12.45 Brantridge Farmer, 1.15 Wymerus Rocket, 1.45 Filippant Fred, 2.15 Banlieu, 2.45 BROWN ADMIRAL is specially recommended. 3.15 Hogan Hills.

Prize money offsets stakes loss

Sir Desmond Plummer, chairman of the Chester Race and Jockey Board yesterday announced the allocation of £75,000 additional prize money for 1975...

Mr Straight is surprise

The West Country-trained Mr Straight is a surprise opponent for Comedy of Errors and Lanzarote in next Friday's £12,500 Sweeps Hurdle at Leopardstown...

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Good year, great year, sometimes never.

With a growth of wine-drinking in Britain, you might expect a really sharp rise in the consumption of Mouton-Cadet.

Not so. For the quality of Mouton-Cadet depends on the quality of wine any one year produces in the limited Bordeaux region...

Mouton-Cadet

Difficulties and delights of giving up the rat-race

As the world food crisis follows hard on the world energy crisis, people in countries like Britain are increasingly questioning their own 'lifestyle', devoted so largely to earning more, owning more, consuming more.

Is a second house, car or television, those endless gadgets and processed foods, really something to be proud of, or—while others starve in ever closer proximity as the world shrinks—something to be ashamed of?

To drop out of mammon's world, to begin to find one's roots again in nature and community, to strike a better balance between the real resources we consume (especially food and energy) and those we produce; these are the reasons why more people are abandoning the commuter rat-race for rural communities in Britain and elsewhere.

One such inhabitant is a stone farm house built 200 years ago with two rooms up and two down, which now carries on its back—built by the residents and volunteer helpers to the last ecological principles over the past two years—a big timber extension providing eight more bedrooms, four bathrooms, two sun-lounges, and a workshop.

Nine people live there: a middle-aged industrial chemist and his wife; a young town-planner and his wife; a former small-builder/merchant seaman, his wife and three-year-old daughter; a young teacher; and a former timber merchant.

There is also a constant stream of visitors, some who come to satisfy their curiosity, some to help with the work.

The original house and 42-acre farm was bought for £10,000 two years ago jointly by the chemist and a journalist who thought up the scheme and played a key part until his recent departure. Another £11,000 has been spent since, mostly provided by the same pair. But each member has a share in the capital value of the project, related to their original contribution, increased value arising from inflation, and increased value arising from improvements.

All work together: on the farm; on construction of buildings and fittings; on the ecological components that gave the commune its high-flown title of Biotechnic Research and Development (BRAD). They already have a solar roof that provides hot water for much of the year, a windmill that pumps water from the well, and heavy insulation and double-glazing to cut down heat-loss and energy consumption. They are building a heat-pump for winter hot water, and are working on a methane or methanol digester that will draw energy from domestic and farm sewage.

The farm supplies the residents (and could eventually feed several more they think) with practically all the vegetables and most of their meat and dairy produce. It consists of a half-acre vegetable garden, other vegetable, potato, and arable crops, pasture, about 100 cocks, hens, and chickens, 50 sheep, three cows, three pigs, two goats, and assorted geese, ducks, and rabbits. Run-down the farm of organic, labour-intensive lines makes up the greater part of the daily

Spartan way of life

It is spartan because they live and eat simply, with few of the appurtenances of normal society. There is no television, radio, or newspapers, little in the way of new clothes and synthetic entertainments.

The heat is turned down to save fuel ("we wear an extra pullover") and the furnishings are primitive. But it is fruitful because they are growing things, and growing themselves, in the way of human relationships, which the setting not only permits but compels is the most important thing happening at BRAD, they say.

BRAD is not viable in the accepted sense of the word. Annual expenditure is over £2,000, and income only about £1,500, supplied largely by the rent from one member's Paris flat. The gap should narrow as farm production grows but there will always be a gap, and bow best to plug it is a constant preoccupation. One man offered to work full time and got a job at £2,000 a year but the others refused to let him take it. A short spell on the oil rigs for the younger men has been considered. Meanwhile they do farmwork, and building and decorating jobs. They do not doubt that a solution will be found and that the commune will continue (the constant flow of visitors, which interferes both with work and relationships, is a greater threat than lack of money).

Yet there is surely a deeper sense in which a venture like BRAD is more viable than many with a fat bank balance in mainstream life outside. The people there are nearly self-sufficient in food, and have cut their consumption of energy and other resources to about a third of the average for Britain.

This is a real contribution to the needs of the times, if only as an example to others. And in making it they seem also, not without struggle and hardship, to be making a kind of love.

Michael Bailey

Military détente in Europe: Thinking beyond the numbers game

In his article on military détente in central Europe, published in yesterday's *Times*, Mr Vladimir Komlev discussed the negotiations on force reductions and associated measures, at present being conducted in Vienna between Nato and Warsaw Pact countries. In one important respect, his article is a useful contribution to the debate about European arms control: he points to the considerable problems inherent in any attempt to agree on mutual limits to the size of military forces between East and West. His analysis is incomplete, in another, more important respect: military détente in Europe is not just a question of the statistics of military forces, it is essentially a political problem.

The statistics of military force in Central Europe—the area defined in the current Vienna negotiations by the territory of Poland, Czechoslovakia, and East Germany (in the east), and that of West Germany, Belgium, the Netherlands and Luxembourg (in the west) reflect a clear numerical superiority of the Warsaw Pact in conventional forces.

	NATO	WS	Pact	USSR
Divisions	22	43	70	43
Total manpower (in 1000s)	750	180	925	460
Tanks	6,555	2,100	15,500	7,850
Aircraft	1,510	240	2,610	1,250

*excluding French forces stationed in the area.
Source: The Military Balance 1974/75 published by the International Institute for Strategic Studies, London.

But it is clear that these statistics are an imperfect guide of describing the "balance" of forces between East and West. Mr Komlev points to some of

the difficulties: the composition and structure of military forces differs on both sides; the quality of weapons technology differs (with a western advantage in most types of sophisticated weaponry); the western armies are likely to employ more civilians in jobs which, in the armies of the Warsaw Pact, tend to be done by soldiers, the primary missions of armed forces are different (while the Warsaw Pact air forces include a large element of air defence, Nato air forces emphasise the strike and air support role; Warsaw Pact ground forces are designed for concentrated armoured advance, Nam ground forces for linear defence).

There are additional asymmetries. The Soviet Union has obvious geographic advantages in a European conflict. Her lines of supply and reinforcement are overlaid and shorter than those of Nato, which depends for its reinforcements principally on units flown or shipped across the Atlantic from the United States. Another difference lies in the political function of military forces: in the Warsaw Pact areas, Soviet forces in addition to their defence against outside threat, are also intended to assure Soviet control over eastern Europe. In the West, military forces can concentrate on the primary task of defence and deterrence.

It is not difficult to continue this list of asymmetries and imbalances. After all, the military forces on both sides have not been organized in order to facilitate arms control but to provide, within the prevailing military concepts and economic constraints, an effective means for military security.

The question confronting the delegations at the Vienna nego-

tations is, therefore, where to begin. A comprehensive approach, including all services and all military forces, all the territory relevant to a military conflict in Europe and, on both sides, all the members of the two military pacts might well be the most logical one. But it would also be the most complicated one. A limited, less than perfect approach is, therefore, likely to be the most realistic.

It is quite legitimate for Mr Komlev to argue in favour of the Warsaw Pact position in the negotiations. The task of the negotiations, however, will be to find a compromise which is acceptable to both sides and to the interest and concerns of the countries involved. To imply, as he does, that all the wisdom is on one side, is a contradiction in terms: there is no one way to approach military arms control in Europe.

But in spite of the importance of numbers, it is the political aspect of European arms control which is at the centre of the problem. The aim of arms control is no longer primarily to prevent a major military conflict, but to ensure which few regard as likely anyway. It is much directed more at accompanying political détente; as a result, it becomes more political and less specifically military.

Vienna is determined by two political considerations: the view that political détente should restrict the political impact of military forces on European politics, including those of eastern Europe; and the desire to allow, by negotiating in a multilateral East-West forum, reductions of forces that some Alliance members might otherwise contemplate unilaterally. The West insists,

therefore, that after initial overall American and Soviet reductions, a numerical balance should be reached between Nato and Warsaw Pact forces—a ceiling of about 700,000 men in the ground forces of both sides—and that additional measures should be agreed to reduce the danger of surprise attacks and to curb the possibilities for using military forces to exert political pressure.

The Soviet and Warsaw Pact position in Vienna reflects different political considerations. The eastern side insists that the negotiations should not alter the military situation in Europe. It regards arms control negotiations in Europe as a political instrument to prevent, or at least slow down, developments in western Europe which it believes are against its interest, particularly political and defence integration among the west Europeans. As a result, the eastern proposal seeks to leave the current military force relations—which favour the eastern side—basically unchanged, except to accept that there should be common and equal force ceilings for each side and to establish sub-ceilings for individual countries (particularly in West Germany) which are bound to affect the working of the alliance in the West more than the block in the East.

These different political considerations which underlie the positions taken in Vienna will not rule out compromise; after all, political considerations tend to allow greater flexibility than mere numerical calculations. But they point to the real complexities of military détente for the European states: the fears that military force, even if reduced, might still be used:

the concern that alliance or pact solidarity might come under strain in the process of détente, or that political influence might be sought through the instrument of arms control negotiations. Even the most balanced reduction of military forces in Europe will only go some way to help alleviate some of these fears and concerns. But they will not, by themselves, dispel them and in uncertain political circumstances may even give new cause for suspicion.

Only if it can diminish false suspicions and increase real trust can European détente be a durable contribution to European security. In the military field, the major obstacle to trust is not so much the existing imbalance of forces as the secrecy, particularly in the Soviet sphere of power, surrounding them. Here lies the political chance of the Vienna talks and, at the same time, the reason why slow progress there need not be bad progress. If the negotiations succeed in making the elements of military power in Europe more transparent and lead to a thorough explanation of military motives and a sincere exchange of information, they can bring about the knowledge on which trust can build.

To date, however, the Warsaw Pact is not prepared to engage in this exchange. For all of Mr Komlev's numerical arguments on western forces, the Soviet Union has so far refused to even discuss the statistics of its own military power in Europe.

Christoph Bertram

The author is Director of the International Institute for Strategic Studies.
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'Peace on the cheap' has left South Vietnam on the brink of defeat

The Vietnamese on both sides in their forgotten war have begun taking heavy casualties again, with 6,000 soldiers reported killed, missing or wounded last year for the first time for many months the White House and the State Department have made concerned statements about the situation.

A new analysis by an old military hand in Saigon—Vietnam's Menacing Ceasefire, by Brigadier F. P. Serong—affirms that South Vietnam is now dangerously close to defeat. And it says that unless (which is unlikely) the United States floods the South with weapons and ammunition for Saigon to launch its own offensive, "the military prognosis is negative".

Brigadier Serong, who is an Australian with 12 years' experience in Vietnam, is the first senior member of the western military establishment to have been frank enough to spell out the hopelessness of the position South Vietnam is now in.

For almost a year the communists have been militarily capable of launching a limited offensive against selected targets. Brigadier Serong says that Hanoi is now ready to move, and if it did, South Vietnam would face a full-scale offensive with no stockpile of ammunition and no ammunition factory, while resupply from the United States (even if the Americans would provide the money for it) takes two weeks. South Vietnam's soldiers are spread thinly already. There are no reserves. And the soldiers' morale is eroding, according to Brigadier Serong, partly because they are hungry, as inflation has reduced their salaries to the

barest subsistence level, and partly because, with the ceasefire almost two years old, they badly want to stop fighting.

The communists now control virtually half the land (see Brigadier Serong's map). As he says, they initiated major battles only 20 miles from Saigon more than once last summer; they frequently close all the roads into Saigon (except Route 4 from the Delta); communist anti-aircraft equipment reaches to within 100 miles of Saigon, and tactical South Vietnamese aircraft are vulnerable north of Saigon, while civilian aeroplanes too have been brought down in the Delta for infringing the Provisional Revolutionary Government's airspace.

On one detail on communist tactical strength however, Brigadier Serong is wrong—the notorious 12 airstrips created by the communists since the ceasefire are not capable of handling North Vietnam's MIGs. According to American intelligence sources, all except Loc Ninh and Khe Sanh are no more than dirt tracks.

Since the ceasefire inflation running at an annual rate of 70 per cent has not only crippled the fixed wage earners, soldiers and bureaucrats who were previously the Government's most secure power-base—but also undermined the society by giving a fresh impetus to corruption. Brigadier Serong says flatly that corruption is so out of hand "The anti-corruption movement which shook the regime this autumn, causing President Thieu to take the unprecedented steps of dismissing three of his four corps commanders and a clutch of ministers including his right-hand man, the former Inform-

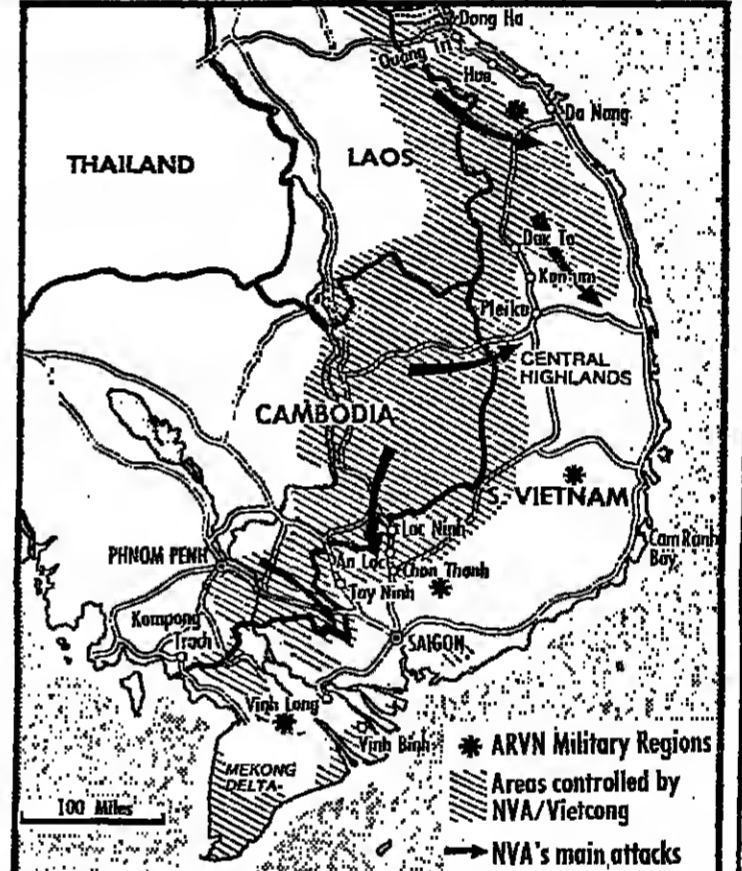
ation Minister, Hoang Duc Nha, was run by a highly corrupt military controller group only brought on to the streets by utter despair at the blazney of corruption at every level of government."

There is only one long-odds economic hope on the horizon which could conceivably change the political and military equation—all, Pecten Vietnam, a subsidiary of Shell, has recently found oil off the coast of Vung Tau, east of Saigon, but it is too early to say whether Vietnam's economic disaster could be staved off by income from oil coming in in large enough quantities, and soon enough.

Apart from the 13 oil companies which paid \$45m to take a chance on the possible riches of the South China Sea, virtually no new capital has been tempted into South Vietnam since the ceasefire. A \$40m French project, and a \$62m Hilton Hotel are among the bigger projects which have failed to come off in the past 18 months. According to Brigadier Serong these failures are partly due to Vietnamese investment laws not being suitable for really high risk capital, but also, he says, to a bureaucratic naivety and ill-temper which are almost unique in any country.

Besides the failure to attract commercial capital, Vietnam has not received the aid from Japanese and Western European countries which was expected to compensate for the failure of American aid.

In this most unorthodox of peaces South Vietnam's one unflinching source of hard currency has been the communists. The story of the communists buying rice in the Delta at inflated prices, and paying in



dollars, is well authenticated by American and other sources in Saigon. Brigadier Serong claims that a staggering half a million dollars a day from this source were reaching the National Bank in the first quarter of 1974. It is highly unlikely that the Generals and the Chinese rice merchants who receive the dollars let them get near the National Bank, or that the Bank can reliably trace back dollar receipts to transactions with the communists, so I would not believe this hard figure.

Brigadier Serong's point that Saigon was and is ambivalent about enforcing the economic blockade against the communists, partly because of the dollars to be gained, is important.

Brigadier Serong puts up

poor political readings of the leadership of both North and South Vietnam, both of which he considers immobilized by power struggles. The dynamics of both are more complicated and full of unknowns than that. But as far as the military leaders in the South are concerned, he conveys as only someone who has been on the bitter disillusion with the Americans' "peace with honour" which was actually, in his phrase "peace on the cheap" with which they now face the prospect of an unwinnable war in which the communists have all the options.

Victoria Britain

Vietnam's Menacing Ceasefire is published by the Institute for the Study of Conflict, price £1.

A good friend for Britain

Mr Elliot Lee Richardson, who is to be the next American Ambassador to London—or to the Court of St James, as Americans always say with the greatest satisfaction—already occupies an honoured place in American history. He was Attorney General of the United States until the Saturday night massacre, when he resigned rather than dismiss Archibald Cox, the special Watergate prosecutor.

He has other claims for recognition, especially for getting rid of the then Vice-President Spiro Agnew. Some puritans in his native Boston regarded that Agnew escaped trial, but Mr Richardson had a larger duty to perform. He had to ensure that an honest Vice-President would be ready to succeed Nixon.

Mr Richardson is a Boston Brahmin, the epitome of the white Anglo-Saxon Protestants who ran the city until they were overwhelmed by the Irish. They also ran much else in the country. They are generally men of great probity, who perhaps because of comfortable family trust funds regard public service as a duty. They have a greater sense of duty than Mr Richardson. For instance, one of his earlier ambitions was to be Governor of Massachusetts. He served as Lieutenant Governor, and the governorship was almost his for the asking when his friends pleaded with him to run for the state Attorney Generalship.

They argued that the other candidate was unfit for office, and something had to be done to clean up the state. Without hesitation he responded in their appeal, and served as Attorney General with great distinction, until he went to Washington in 1963 as Under Secretary of State.

Mr Richardson has since nurtured presidential ambitions, and his friends are wondering if, in accepting the nation's embassy, he has again put public duty before personal ambition. This is doubtful. Mr Ford is not yet a lame-duck President and Vice-President Rockefeller has boundless ambition and energy.

Mr Richardson will be 55 in July, and therefore has plenty of time to do the job. He is a good President, but probably not a good candidate although he did well on the Massachusetts hustings.

What ever his future, Mr Richardson has led a good life by Boston Brahmin standards. He graduated cum laude from Harvard and Harvard Law School, and won a Bronze Star and Purple Heart in the United States 4th Infantry during the Second World War.

He was clerked for Judge Learned Hand and Justice Felix Frankfurter, two of America's greatest judges, and taught law at Harvard before becoming assistant to Senator Leverett Saltonstall, another Boston Brahmin.

He was a success at the State Department, and then in fairly rapid succession served as Secretary of Health, Education and Welfare, Secretary of Defence and finally Attorney General.

It has been an extraordinary career, and he should make a good ambassador. London is no longer the diplomatic plum it once was, but he has a natural affinity for most things British. In the dark months ahead he will be a good friend of Britain.

A small price to pay

He is a quiet contemplative man as is reflected in his composed face and his eyes downing. He thinks before he speaks, which does not make for the repartee that Americans enjoy in their campaigns. His deliberate approach to the Agnew case drove some of his assistants mad, but that was a small price to pay.

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Louis Heren



"Mr Pickwick and I hope you'll join us to bring happiness to lonely old people this Christmas."

Harry Secombe

"I also hope you're looking forward to a Christmas with friends, good food and warmth. When you're old and alone Christmas is the loneliest day of the year, for your memories return. You know the happiness that's in other people's homes—and the sad silence in yours. Send the gift that will help someone in a miserable, cold room to move to a friendly Help the Aged flat—or put something towards one of the Day Centres that do so much to cheer up lonely old folks. For every £3 you'll add £60 towards extra flats, because of loans. You'll give happiness for years to come (and you can't say that of the £5 you may spend on a turkey). If you want to recall happy times with someone dear to you, £150 names a flat." Put some Christmas joy in an envelope and share some happiness this Christmas.

The Hon. Treasurer, the Rt. Hon. Lord Maybray-King, Help the Aged, Housing Association Ltd., Room T6, 8 Denman Street, London W1A 2AP.

Last year the World Wildlife Fund calculated the total cost of the gifts my true love gave to me in *The Twelve Days of Christmas*, and found that it came to £2,816.80. This year, at the suggestion of an inflation-conscious reader, I had them repeat the operation. Their report, just received, reveals that in lyrical Christmas gifts there is a wage-led inflation at a rate of not 18, not 20, but an impressive 70 per cent.

Eight midsie-milking could then be had at £2.96 each per eight-hour day. Now, thanks to the agricultural workers' pay award, they each cost £5.50 and the daily bill for their services leaps from £23.68 to £44. The Musicians' Union have an even greater impact on the calculation. Nine drummers drumming at top union rates last year beat me a daily bill of £53.60. This year it's more than trebled at £299.52. Worse still, 10 pipers piping now cost £4.16 each per hour and their charge per day skirls up from £104 to £332.80.

For some reason the House of Lords declined to give the World Wildlife Fund the information they provided last year. It has been established from independent sources, however, that the 12 Lords leaping have not inflated special leaping charges, and their cost (taken from the House of Lords daily attendance rates) remains unchanged at £102.

Gold is up, and the five rings which were £25 last year would cost £45 now. Colly birds, though, can still be had (aviary bred) at £20 the four, and French hens (red jungle fowl) are still £5 each.

Few trees are up from £4.50 to £5.20, and partridges from £2.50 to £4.00. The turtle doves which were £5 a pair

The Times Diary

Lord, the leaping cost of it all

Questioned about criticism of President Ford's travelling, the official replied: "It is a mistake to assume domestic publicity by sitting home, pressing buttons and bugging people."

Poul reporters had it all on their tape recorders, but in the official text the last three words of that answer had been pencilled over clumsily. On investigation, it was found that the culprit was Ron Nessen, the White House press secretary. His deputy said he thought Poul might get confused about what "bugging" meant.

The British embassy in Washington complains of an inaccuracy in my report of the spelling of centenary as "centenary" on the invitations to their recent Churchill celebration dinner. They say the word was spelt correctly on the invitations sent to the main protagonists—the Soameses, the Kissingers and the like. The mis-spelling came only on the invitations to drinks sent to the lower orders, who were presumably thought to be insufficiently cultured to notice.

Self-fulfilling
In the past two years, this column has waged a persistent but spectacularly unsuccessful campaign against newspapers which willfully spread gloom and panic unnecessarily. There is, heaven knows, enough real misery about, without adding to the quantity. And stories of imminent shortages, queues and other inconveniences can so easily become self-fulfilling.

The Daily Mirror is the latest offender. PETROL MANIA! I screamed on its front page, explaining that "long queues are expected" as some garages closed until fuel to stop motorists filling up before the price increase.

No doubt there were some fairly long petrol queues yesterday, but mania was not the word to describe it.

Debugging
Since the Watergate tapes, Washington reporters have been sensitive about any tampering with official records. There was, therefore, a small storm in a cocktail glass when it was found that three words had been erased from the official version of a briefing given by a senior official (the one with the German accent) on the way home from the Martinique summit.

Eventually Wombles Ltd, who own the lucrative copyright in all things Wumble, sent a sharp letter calling on them to desist, or to apply for a licence.

Florida's were sufficiently incensed by the letter to display it, beside a Wumble cake, in their window, with a notice of their own regarding the Wombles' attitude and asking customers to order not Wumble cakes but "cakes resembling a small brown, furry animal with hat and scarf".

In the public mirth ensuing (people came from the other side of Soho to see the unwombed cake), Wombles Ltd relented, and yesterday they sent round a representative with a free Wombles poster emblazoned: "We can bake a Wumble cake." Florida think the representative must have been a public relations man because, while he was there, he asked them quietly if they would not like to make cakes of Paddington Bear as well.

David Greig, a cocktail barman was yesterday presented with a cheque for £200 as part of his prize for winning a competition organized by a vodka firm of Warrington, Lancashire. He eagerly pocketed the cheque but was less enthusiastic about the other part of the prize—a week's holiday in Warrington. He has decided to spend a weekend only in the town. "I have better things to do," he confessed.

To win the prize, Greig had to say what he liked most about the vodka and invent a slogan for it. Remembering the spy theme of its cinema advertisements, he hit upon the idea of buying a Russian secret agent saying: "I keep me warm on these cold Moscow nights." He started making them to order.

Red faced
The House of Floris, the Sobos confectioners, are now licensed to manufacture Wumble cakes. "A spirit of Christmas", the firm's spokesman said yesterday, "has entered into our relationship with Wombles Ltd."

The episode started accidentally: Florida made a cake like a Wumble for a customer, then started making them to order.

And this one should be ready for drinking by the time they come out...

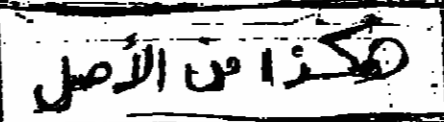
The reader of the 9 am news on Radio 4 yesterday came dangerously close to editorializing when he described Robert Melnik as "the Government's cheap whip". But he corrected himself with impressive speed.

ground. Soviet Embassy staff in London recently stormed out of a press preview of an advertisement featuring a march past to the Red Square.

The runner-up, who received £100 and a chance of two weeks in Warrington, was not at yesterday's presentation. He was too ashamed and insisted on anonymity.

The reader of the 9 am news on Radio 4 yesterday came dangerously close to editorializing when he described Robert Melnik as "the Government's cheap whip". But he corrected himself with impressive speed.

P.H.S.



BRAZIL

After a decade of unprecedented growth, 1975 will be a crucial year for development. The world energy crisis and the fivefold increase in oil prices have had a particularly severe impact. But new reports of substantial offshore oil finds and modified industrial expansion plans will continue to attract investment to exploit the country's enviable natural resources

New climate brings critics out in the open as a hitch develops in the economic miracle

Michael Frenchman
In the last few weeks of the year, Brazil has received two shocks: the hint of a revival, and the arrival of reports of substantial oil discoveries. The welcome news of the victory of the Alian Democratic Movement (MDB) in the November congressional elections, entirely unexpected. This was a wishful expectation, but the full results have yet to be evaluated and talk of sufficiency within the government is a matter of some amount of scepticism.

Brasil, said in London earlier this month when signing a \$100m loan for Brazil's state oil company, Petrobras, that 12 wells were being drilled in the Campos field. One had been tested and was expected to produce 200,000 barrels a day. He was optimistic about future results from the other wells. Mr Araken de Oliveira, the new president of Petrobras, the national oil company, has said that it will take at least a year to prove the wells. Petrobras experts are reluctant to discuss the findings in any detail but say that an announcement will be made within about six months.

This year has seen many changes, beginning with General Ernesto Geisel, the former head of Petrobras, who followed by President Tanzi Medeiros in the spring, and immediately adopted a more liberal attitude towards government. The huge industrial expansion which had continued unabated for nine years halted in some sectors as the economy reeled under the effects of the worldwide energy crisis. Of all the developing countries Brazil, which has relied almost exclusively on imported fuel, coal as well as oil, has probably been hit the hardest. This year it faces a \$3,000m bill for oil imports compared with a mere \$500m two years ago. All this has led to a massive current account deficit of an estimated \$7,000m in its trade figures in spite of a substantial export programme launched last year.

In the first nine months of this year imports have risen by 105 per cent and exports by only 14 per cent, according to some sources. The effect of increased oil prices have reverberated throughout industry and temporarily taken the gloss off many of Brazil's industrial achievements, particularly in the motor industry. Although this sector had a 30 per cent rise in output in the first quarter of the year the start of a substantial cutback is being felt. Steel production and plans for its future development have also been revised and more realistic targets set. Higher transport costs and dearer imports have resulted in a rapid increase in the cost of living in Sao Paulo and Rio de Janeiro. Inflation is expected to reach an officially recognized 32 per cent, although in real terms this will probably be 40 per cent by the

end of the year. All this has meant that the Brazilian industrial miracle has become a mirage. Nevertheless, this does not mean that the great industrial machine will not change gear and start up again. All is not gloom. There has been considerable stockpiling of fertilizers, steel and nonferrous metals, and the 1975 import bill will be smaller. Also, government policy to urge state-controlled organizations to buy nationally instead of going abroad will decrease the reliance on imported machinery. Although the total deficit next year is likely to be huge it need not be any larger than in 1974.

Brazil has vast natural resources which are and always will be the key to its future development—iron ore, tin, and other minerals, and now possibly oil. In addition electric power has been totally under-used and only about 10 per cent of its 150,000 MW of hydro-power—Brazil's cheapest source of energy—has so far been harnessed. The need for cheap power and less reliance on energy sources from abroad has meant a change in general planning policy. Communications and accessibility to the country's untapped wealth have until now meant an elaborate programme of road building, but often these have been more of a political symbol than of great practical use, except in the case of roads like the Brasilia-Befem highway which has encouraged hundreds of miles of ribbon industrial development away from the traditional focal points on the coast. Present road construction plans will be completed but more emphasis will be put on an expanding rail

network as one of the main communication links. Foreign loans for roads and railways have been pouring into the country during the past year and the Banco do Brasil alone has been responsible for raising \$400m. Brazil is expected to need about \$800m for improving the railways in the next five years. Only now is the country's natural potential being realized abroad. The list of international companies operating independently or on a joint venture basis is endless. Although it does not include a great many from Britain as yet, the latest development plans present many opportunities particularly in metal industries and communications.

The hiccup in the economy is not entirely due to world events, and there is a not altogether unexpected criticism of the previous administration's financial policy. What is interesting is that this criticism has for the first time since the revolution in 1964 become public. After President Geisel's more liberal line, people have won the right at least to question some of the Government's policies, as is evident from the sweeping victory in the congressional elections on May 15. Until now Brazilians have been content to pull together and lay the foundations for a strong independent country. They have faithfully followed the plans laid down by civilian technocrats chosen by the military regime. It can be argued that what has been achieved could not, in a country as large as Brazil, be done in any other way. Brazil has been, and will

most likely remain, the most stable economy in South America, with perhaps the exception of Venezuela. Almost to a man, no Brazilian wishes his country to follow the ways of some of his neighbours. And for this reason, and the realization that they must build Brazil themselves, a new generation has grown up learning a language in which the word "politics" does not exist. But now it would appear that there is sufficient confidence for the beginnings of a true democracy to show its face in the light of what may become a much more enlightened government. In this case Brazil's image always a sensitive topic, will take on a new look and become an encouragement. Investment along moderate lines bringing more and more people into the moneyed economy.

Uses, taxis and cars in 21-point energy saving programme—but petrol stays cheap

Roger Vielvey
Energy Correspondent
The enviable record of Brazil's economy in the last few years has been marred by the fivefold increase in oil prices over the year. This year the bill for oil will increase by two thirds to more than \$1,000m—only two years ago it was less than \$500m a year. Its huge size and variety of other resources often been a surprise to the country has not been to produce more than 10 per cent of its oil needs from indigenous resources. The days of surpluses of crude oil throughout the world, acquiring the 73 per cent of the country's oil requirements from foreign sources was a major economic proposition intensifying the search for oil in Brazil. In the Arab-Israel war October, the subsequent embargo on supplies to the United States, restrictions on exports of oil to other countries, as well as the quadrupling of oil prices and further price rises this year, dramatically altered the picture. With oil accounting for more than 80 per cent of the country's energy requirements, Brazil like every other oil importing country has been hit by a huge rise in its oil bill. The result has been a substantial upsurge in efforts to increase the amount of oil that can be won from Brazil's own oil sources and efforts to economize in the use of fuel. Like most other countries oil has also been discovered in many areas there is a widespread waste of oil and its conservation and economy make a far easier path to a lower oil import bill. The task of looking for oil in inaccessible places, following the example of the United States and European governments, Brazil has established a council to study energy conservation and produce a national programme to reduce the use of oil. There is, however, considerable debate about the effectiveness of the measures so far proposed. A list of 21 recommendations has been issued some of which have only a marginal effect on demand. For instance, price controls on parking fees are to be introduced in the hope that discouraging the use of cars will reduce demand. Parking fees will be increased and speed limits will be more rigidly enforced. In addition, the bus and taxi system will be rationalized to reduce excessive cruising. But the conservation commission has held back from

recommending the one measure likely to be most effective in reducing consumption, namely price increases. Indeed, Mr Simonsen, the Finance Minister, has said there will be no increase in the price of petrol until the beginning of the new year. Meanwhile, Brazilians can buy petrol at about 50 per cent below pump prices in Europe. However, if the Government is really serious about reducing its national oil consumption, substantial price rises are inevitable. Similar action in Europe over the past year has proved effective by giving an incentive for both the business and non-business motorist to cut non-essential motoring. But reducing sales of petrol will not solve the country's energy problems. Over the past few years other types of oil-based fuels, including aviation fuel and diesel oils, have been expanding although growth in the consumption of fuel-oil by industry has been less spectacular. One of the most effective ways of reducing the diesel oil load is the transfer of long distance goods haulage from the roads to the railways, a measure that is being given urgent consideration. The campaign for greater self-sufficiency in oil has led to the appointment of General Araken de Oliveira, the former head of the National Petroleum Council as the president of Petrobras, the state-owned oil company, and the biggest industrial grouping in Brazil.

possible. However, the assessment should be complete within six to eight months with commercial production within two to three years. After the find, government sources were quoted by a local newspaper as saying that discoveries on Brazil's continental shelf could make the country independent of foreign oil resources in 1979. But it would take some time for these new fields to be developed and it is doubtful whether the development programme could be pushed ahead quickly enough to give the country any more than 75 per cent self-sufficiency by the turn of the decade. Foreign oil sources are sceptical about the claims for self-sufficiency being made for Brazil. But it is generally agreed that Brazil could easily step up its domestic production levels by 35 per cent during 1975 to 250,000 barrels a day out of a daily consumption of more than 800,000 barrels. The arrival of General Araken de Oliveira has led to a new mood of realism in Petrobras statements about the potential of Brazil as an oil-producing nation. There are no longer flamboyant statements predicting that major discoveries in the scale of the Middle East are just around the corner. The general admits that the chances of making really large strikes in Brazil are remote and that while Petrobras will continue to spend large sums on exploration, at least it is likely to find a series of small fields. However, with oil now so expensive, even small reservoirs are valuable. Ever since it was created in 1953, Petrobras has jealously guarded its monopoly position in sales as well as exploration and production and now has the unenviable position of being the largest single crude oil purchasing agency in the world. In the past, there have been frequent rumours, always promptly denied, that it was about to take a foreign oil company as a partner in the oil search. ENI, the Italian state energy company, has always figured prominently in these rumours. The energy crisis has brought renewed speculation that Petrobras is considering negotiating service contracts with international oil groups to help the exploration effort. As always these rumours have been denied. "We are not interested in such contracts at the moment," Mr Ueki said recently. Petrobras had the technical and financial resources to complete the country's exploration programme, he added. While Petrobras's failure to find large crude reserves has partly resulted from the

lack of first-class geological prospects, the current crisis caused by soaring oil import costs has led many Brazilians to question the wisdom of continuing the state monopoly in the exploration side of the business. There is good reason to think that this view is gaining greater acceptance in political circles. While foreign participation in the oil industry was not an issue in the campaign for the mid-November congressional elections, there is thought to be considerable opposition to any dilution of the state monopoly although this is more likely to come from political rather than oil industry lobbies. According to some sources the President, Senator Ernesto Geisel, a former president of Petrobras, would like to find a political solution that would allow him to introduce foreign skills into the oil search. He is thought to have the support of General Araken de Oliveira in this policy. Government circles in Brasilia are already speculating that the President is prepared to ignore the protests that would be certain to arise, and announce foreign participation—strictly on a service contract basis—early in the new year. One of the most intriguing statements has come from Mr Ueki, who after denying that foreign participation was necessary added: "If tomorrow there is the need, we can study the matter as long as no injury is inflicted on the monopoly law." Under the terms of a service contract a foreign operator would only provide advice and drilling skills and remain at all times under the direct control of Petrobras. Perhaps the most important development undertaken by Petrobras in recent years is the formation of its Braspetro subsidiary which has undertaken a number of joint exploration agreements with other groups in the Middle East, Africa and Latin America. Since the increase in prices the company has begun looking at the possibility of extending its activities to include exploration work in Canada and the North Sea. Braspetro was established in early 1972. It has signed exploration and drilling agreements in Colombia, Iraq, Malagasy Republic and Egypt. The company acquired from South Down Inc 50 per cent of the common stock of Tennecol and in turn 50 per cent and 100 per cent respectively of the concessions and applications for concessions made by Tennecol and its wholly-owned subsidiary Petrocol in the Yari and Refugio basins of Colombia. The

area involved in the transaction amounted to 20,000 sq km. In Iraq, a contractor agreement was signed with the Iraq National Oil Company covering 7,900 sq km. In three areas in the central and southern parts of the country (one between Baghdad and al-Falujah, one between al-Kut and the Iranian frontier, and the other north of Basrah). Under the terms of the agreement, the Brazilian company must invest a minimum of \$12m on exploration and appraisal during the initial seven-year period. It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission. Braspetro's participation in the Malagasy concession area of 30,000 sq km. The proposal was approved

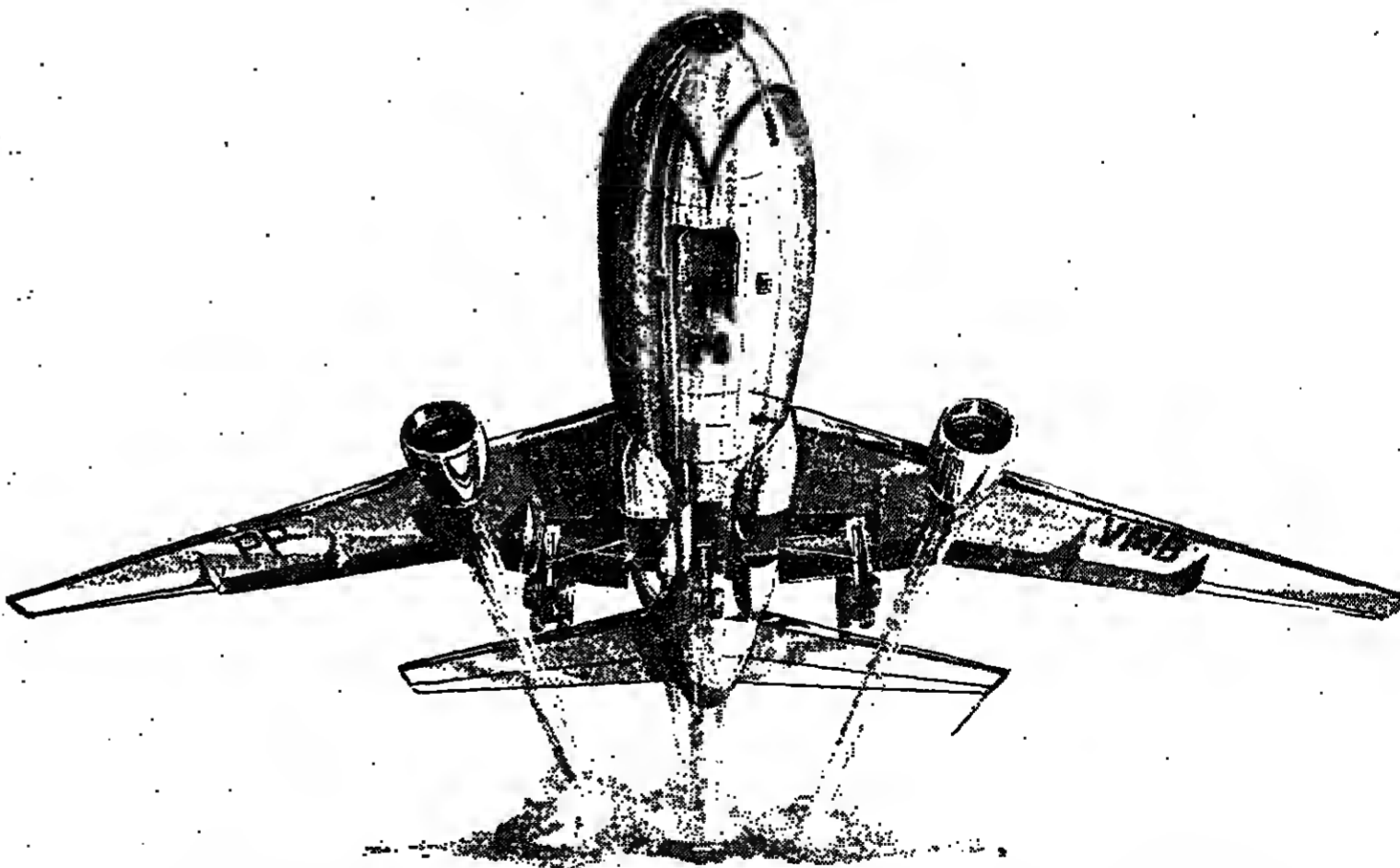
end a former contract signed at the beginning of the year. In August, 1973, it was confirmed that Egypt had granted Braspetro the right to prospect for oil in an 18,000 sq km area of the northern Nile valley, extending eastwards from Amoco's Western Desert concession. The agreement calls for an investment of \$14.6m by the Brazilian company during the initial eight-year period.

between Petrobras and Chevron Overseas Petroleum. Chevron proposed the creation of a joint exploration fund to be used in financing joint-venture exploration activities, and later suggested that such a fund be applied to an equal-sharing exploration programme in the Tonagory block area of Malagasy, a total concession area of 30,000 sq km. The proposal was approved

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A new look for Rio's Copacabana beach. An oil-drilling platform is being towed out to sea where a major oil strike is reported to have been made about 50 miles off shore.

BANCO ECONOMICO S.A. is celebrating 140 years of presence and continued activities in the financial market in Brazil.

140 years of positive action benefitting the State of Bahia, where it has its main office, the North-Northeast of Brazil, a region to which the Bank is tightly bound, and Brazil itself, throughout which the Bank spreads its 204 commercial branches, its 13 exchange departments and several service offices.

Established on July 13, 1834, BANCO ECONOMICO has met well the challenge of 140 years of Brazilian history. It has weathered many crises, both at home and abroad, that have shaken other weaker institutions, and has come out of them a stronger and larger organization. From a modest savings bank in 1834 it has developed into the tenth largest Bank in the Brazilian Financial System. ECONOMICO now leads a full range of 17 affiliate companies acting in all fields of the financial market, in foreign trade, in tourism and in the industrial sector through petrochemical and agroindustrial projects.

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The Sao Paulo state government has given top priority to the construction of the Rodovia dos Imigrantes and Via Norte motorways and to the modernisation of the Via Anchieta. For Brazil to continue to grow as a whole, Sao Paulo's road network must be integrated with those of neighbouring states, thereby strengthening the country's leading export corridor.



Part of the plateau section of the Rodovia dos Imigrantes, the most modern motorway in Brazil, linking its leading industrial centre with its largest port.

RODOVIA DOS IMIGRANTES
The rapid pace of development of the city of Sao Paulo and the extensive region known as Greater Sao Paulo is constantly on the increase. Industrial production, with its growth rate among the world's highest in the past ten years, and the agricultural development of Sao Paulo's rural areas in addition to those of neighbouring states, are two of the factors that have led to a demand for better and safer motorway interconnections. The recent sharp increase in motor vehicle production has greatly intensified the flow of road traffic in the state's urban, rural and coastal areas, especially into the city of Santos, Brazil's leading port. To absorb this increase, the Rodovia dos Imigrantes was planned, and is now being built, to serve as a tribute to the many immigrants who helped South America's leading industrial centre to grow and prosper.



Eleven tunnels and 20 viaducts are now under construction along the mountainous Serra do Mar section of the Rodovia dos Imigrantes.

Its construction has become a matter of national urgency, in order that a vast region of the interior may be adequately served. Work is scheduled to start in January 1975, and the Via Norte will eventually serve 85 county boroughs with a population of more than two and a half million, currently dependent on the Via Antigonos, which has already reached its maximum traffic capacity of 20,000 vehicles a day.

A BRAZILIAN RESEARCH LABORATORY
To test the Sao Paulo State government granted OERSA (the concession for the industrial exploitation of the use of the Via Anchieta, the Rodovia dos Imigrantes, and their interconnections, it is the only company in Brazil concerned with the building, extending and improving of Sao Paulo's state motorways.

MOTORWAYS IN OPERATION
OERSA is responsible for traffic coordination, collection of toll charges and conservation and improvements on the network formed by the following motorways:

THE PLATEAU SECTION
The Rodovia dos Imigrantes starts at Iladema, just south of Sao Paulo's city limits and some 2,500 feet above sea level. It runs down the escarpment of the Serra do Mar and ends at the island of Sao Vicente, near Santos, 55 miles away. The Plateau section was opened for traffic in January, 1974. Nineteen miles in length, it has two tracks with four lanes each, planned for speeds of up to 75 m.p.h., with a maximum capacity of three per cent and a 57-foot central dividing strip. It has been designed for a daily load of 170,000 vehicles. The Plateau section interconnects with the existing Via Anchieta motorway at the Kilometer 40 post on each, by way of a five-mile stretch of the Outer Ring Road.

VIA ANCHIETA
The forty-mile-long Via Anchieta motorway is at present the only means of communication between Brazil's largest industrial production centre and its most important port. It cuts through the country's most advanced industrial region, receiving the impact of traffic parallel to that of the Rodovia dos Imigrantes and from one and a quarter to five miles apart from it. It has been entirely rebuilt and modernised over the past four years, and equipped with right-angle left supplementary tracks to deal with local traffic in the urban areas of Santos, Sao Bernardo do Campo, Sao Caetano do Sul and Olinda, where the bulk of Brazil's motor vehicle industry is located. The Via Anchieta can now be compared to any motorway in the world, with its new supplementary lanes, carefully planned access roads, modern and efficient illumination (between km. posted 10 and 22) and both horizontal and vertical signalling systems.

VIA NORTE
The Via Norte motorway is to be completed in 72 months. It will then link the main terminal of Santos with Vilaopos International Airport near Campinas, with a daily vehicle capacity of 70,000.

Income tax money channelled into poorer region

by J. M. Pinheiro Neto

Brazil is determined to maintain its growth and development and for this purpose the main policies of the Government include the use of tax and fiscal concessions or incentives and credit facilities for approved projects in the national interest.

The incentives could be divided into two main categories, one being those for the development of the north-east of the country and the second for the furtherance of certain activities thought to be commendable in the national interest.

The incentives for the development of the north-east have been in existence for a number of years and have meant channelling income tax money due from companies in the south of Brazil to new investments, or the expansion of existing ones, in that poorer part of the country.

The only restriction is that the shares representing the tax money may not be sold or transferred during a period of five years. Usually from the point of view of the investing company this is not material and the possibility of establishing a successful new business with tax money and then of recouping the project to be carried out in the region, is Sudeste. In 1966 a similar programme of incentives was created to develop the Amazon region and the authority organized for this purpose was Sudam.

The incentives applicable to both areas are roughly similar. The first and main one is a 50 per cent reduction in the income tax payable by the new companies established in either region up to the year 1978. It is probable that this date will be extended, as it has been in the past. The income tax exemption is effective for a period of 10 years, and of 15 years in some special cases. The greater part of the

incentives, which consists of the investment money applicable to the north-east and Amazon regions, comes from the allocation by companies in other parts of the country, especially in the southern part of Brazil, to manufacturing and agricultural organizations created there.

Companies in Brazil may allocate up to half their assessed income tax payable in each year to proposed projects, or those already in existence, in the north-east or Amazon regions. As the investment may be made in a subsidiary of the company which allocates its tax payments it is easy to see the advantage that this represents if the availability of labour, or raw materials, or other favourable conditions in the north-east or the Amazon region justify the creation of such a subsidiary and the development of a special plan or project.

Besides the use of tax money, it is necessary to make available other funds; at least a quarter of the capital required. But it is also possible to obtain financing from the Banco do Nordeste do Brasil (BNB) up to half the capital to be directly invested in the project by the beneficiary company.

Sudeste and Sudam approved industrial, agricultural, stockbreeding, forestry, fishery and mining projects may also be exempted from customs duties on their imports

of plant and machinery without parallels in Brazil; and also from local taxes known as IPI and ICM, which are different versions of the value-added tax applicable in the United Kingdom.

It is now proposed by the Brazilian Government to have incentives for the north-east, the Amazon region, and all others, controlled by three different funds to avoid some of the deficiencies in the mechanics of the present system. The minister of finance has submitted to the public and to financial organizations a proposal containing the new regulations, which is being discussed with great interest.

Extensive use of incentives

The Brazilian Government makes extensive use of incentives when it gives preference to some activities over others. Considering the capital market still insufficiently developed and hoping to activate it to provide private businesses with the necessary funds for their working capital and expansion, the Government decreed incentives to make the opening to the public of the stock capital of companies more attractive.

With this in mind, the basic rule was established that at least 20 per cent of the voting stock of companies would have to be placed in the hands of the public. If this was complied with, the companies and the investing public would have certain tax advantages.

The same kind of incentives, with others, granted to companies an approved export programme. Entire business may be transferred to B without any import duties and with other concessions if the total or the greater part of the product destined for export. In times are also granted the installation, expansion or modernization of some in the basic requirements of the project approved by the Industrial Development Council (C

The tax position of companies doing business in Brazil is fairly simple. There is a basic income of 30 per cent of tax income. With regard to individuals, the maximum progressive income tax is 50 per cent. Progression takes place at an accelerated rate, penalizing people with income. Recently the Government has authorized many corrections to be applied to the amounts thus total at source up to a certain level, which will benefit poorer classes.

Credit facilities are used to give greater support to Brazilian companies controlled by Brazil nationals. At one time foreign companies established in Brazil with subsidiaries had credit facilities which were not available to nationals.

There were established incentives for education and aviation, but unless extended these will lapse in the next few years. More interesting and effective incentives were granted to mining companies but for some of them a requirement was that the companies be majority-owned by Brazilian nationals.

One of the major incentives is to export as the Government is determined to foster a continuous increase in exports from Brazil. All profits derived from exports are excluded from taxable income of companies which also enjoy exemption from local taxes (IPI and ICM) that otherwise would have been collected in a sale to the internal market.

tion applied to things learnt, which is another attractive element of the Brazilian spirit, has given Brazil certain privileged positions in technology and systems. There may be something self-generating in this respect, causing change and development in the environment producing an unusual amount of mental agility and ability.

At the centre of all this activity is the firm, direct hand of government. There is no constitutional negotiation with labour—their success is illegal—and direct pressure can be applied to achieve Government objectives. There is considerable interchange between government and the leaders of commerce and industry made easier by the fact that the 1964 military revolution governments since that date have sought the cooperation of civilians attracted from the private sector and distinguished by their success in that sector.

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The young society knows how to tackle inflation

by Robin Jones
managing director,
Thomas De La Rue SA,
Rio de Janeiro

Eight golden years of gross national product growth in excess of 10 per cent, coupled with the natural dynamic and enthusiasm of a society under the age of 19, account for the exuberance and confidence which the business visitor to Brazil meets upon arrival. If there is a slight frown or two upon the brow of the older generation, the over-30s, it is more likely to be the need to change gear as the economic going gets rougher, rather than loss of confidence.

A realization that Brazil is now a member of the world community is a source of pride which generates a confident appraisal of world affairs, political and economic, and Brazil's involvement in those affairs.

A return to inflation in 1974 has not disturbed confidence in growth through diplomacy, particularly in the Middle East and Africa, where relationships are excellent; and through the burgeoning domestic economy still able to plan on a rate of above 6 per cent.

"We have been through accelerated inflation before and have learnt to live with it successfully. Brazilians argue and there is a growing number of young people prepared to recognize the legitimacy of the methods used and to testify to their success. At rock bottom Brazilians know that the untapped natural resources covering the full range of industrial prime raw materials are accessible on a vast scale.

They also recognize the need for outside monetary and technological help. The recent spate of industrial exhibitions sponsored by the Germans, French and Americans has been on a large scale and highly successful. The second British exhibition easily surpassed the first with sales which will eventually total £65m. These represent valuable export sales for the British manufacturer, but many exhibitors have been quick to recognize also the opportunities and ready encouragement for setting up manufacture.

The list of real attractions which both federal and state governments offer the foreign investor is substantial and growing. There are no difficulties about the remittance of dividends, nor is there difficulty about remittance of principal in the event of liquidation or sale of business.

Corporate tax has remained unchanged at 30 per cent and the tax on interest payable on long-term foreign loans has been removed. Part of corporation tax can be invested in government-approved schemes including tourism, reforestation, certain kinds of fishing and others, many of which are already paying small dividends.

Beside the more obvious sources of information such as embassies and chambers of commerce—it pays to use those of some other countries as well—there is a multiplicity of good international legal firms and auditors, the larger of which can offer comprehensive guidance on taxation, establishment procedures, staff recruitment and labour laws and procedures.

Contact with Brazilians in positions of influence both in government and private

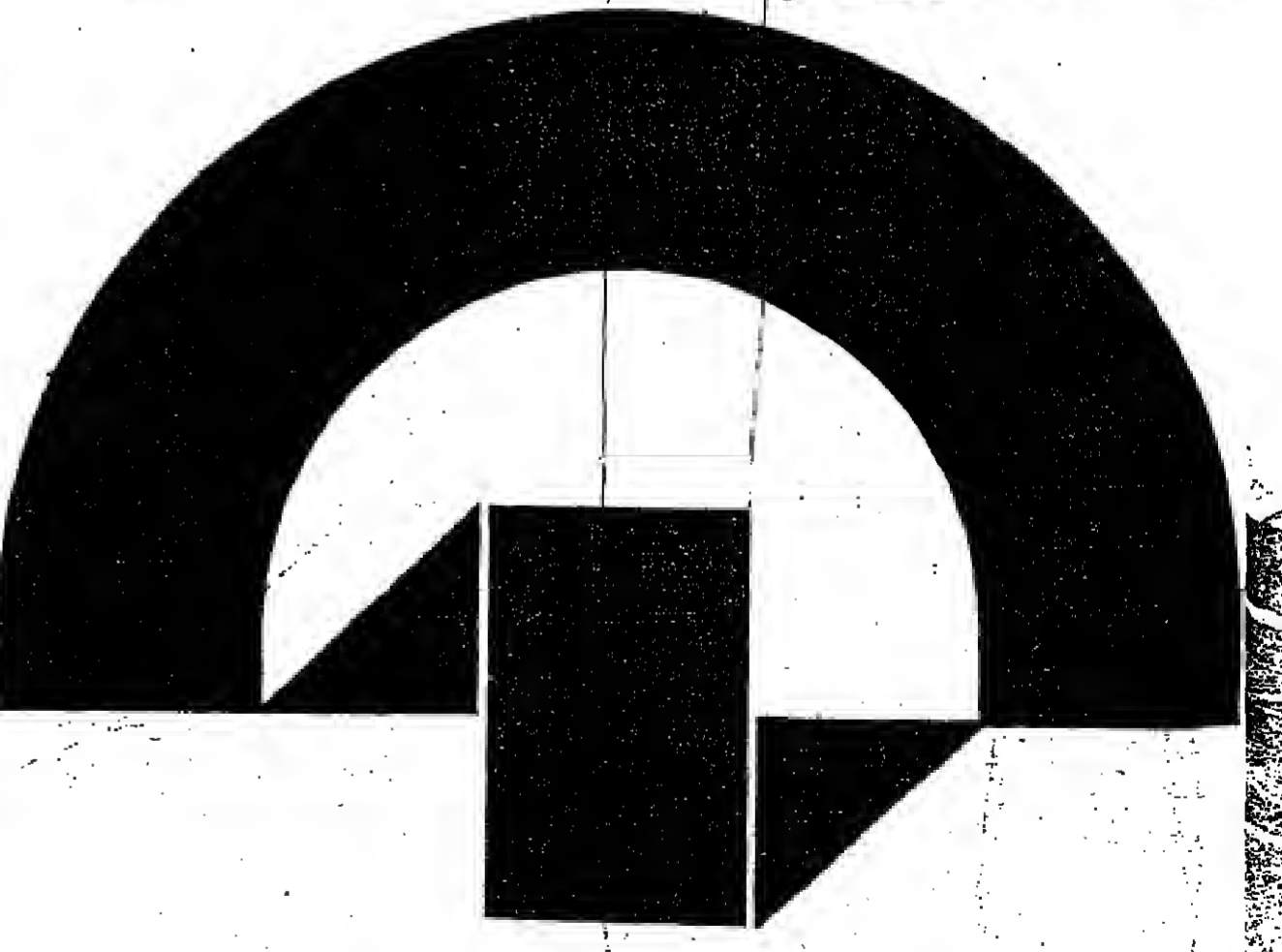
enterprise is easy, direct and can be surprisingly informal. Surprising too is the large number of key executives and government officials in their mid-30s; several ministers in the Government have not reached their forty-fifth birthday.

It is a characteristic of people working in industry at all levels to attend night school three to five days a week instead of going straight home. The desire to learn is coupled with the desire to earn. And innova-

tion with labour—their success is illegal—and direct pressure can be applied to achieve Government objectives. There is considerable interchange between government and the leaders of commerce and industry made easier by the fact that the 1964 military revolution governments since that date have sought the cooperation of civilians attracted from the private sector and distinguished by their success in that sector.

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SOURCE	SOURCE OF FUNDS OBTAINED FROM 1971 TO SEPT. 1974				TOTALS
	1971 Cr\$	1972 Cr\$	1973 Cr\$	JAN.-SEPT. 1974 Cr\$	
Federal	—	156,588,895	380,000,000	638,000,000	1,188,988,895
National Financing	75,000,000	—	3,509,481	—	438,978,287.51
External financing	24,823,678	184,550,000	373,220,000	—	632,970,000
Toll charges	—	48,840,940	53,321,785	50,425,851	177,512,021
TOTALS	99,823,678	389,439,835	816,151,286	1,319,425,851	2,608,987,213.51

مكتبة الأصيل

Two articles examine the role of investment banks and the part played by British merchant banks in developing the country's economic and industrial scene.

The key financiers who guard personal savings . . .

Minir A. Ribeiro, president of Banco do Investimento, only perform securities market operations and other activities characteristic of the so-called "investment banking industry" but also of a financial conglomerate.

However, the great majority of the members of the Brazilian stock exchanges are independent brokerage firms, and together they make up for the largest portfolio of the total daily business.

The investment banks are also the managers of the main investment funds in Brazil. There are two kinds of such funds: common mutual funds and fiscal mutual funds. The latter come from income tax deductions which the law grants to individuals to stimulate investments in shares. It is mandatory that they be managed in the form of mutual funds, and deposits can be withdrawn only after five to six years.

In addition to advising issuers of securities and furnishing information and investment advice to their clients, investment banks also serve in other financial counselling capacities, such as in the case of mergers and acquisitions, project analysis and helping companies to find new investment opportunities.

Investment banks have played an important role in the Treasury bills and federal readjustable bonds markets, together with brokerage firms and in close cooperation with the Central Bank.

Liabilities of investment banks are subjected by the Central Bank to a regular global ceiling of 12 times net worth; this limit may be increased by means of official refinancing operations up to an additional value of three times net worth.

Credit operations of Brazilian investment banks encompass both working capital and fixed assets financing. Their total outstanding balance on June 30 was equivalent to \$2,200m, while total credits of private commercial banks amounted to \$3,200m on the same date. This comparison shows the remarkable growth recorded by investment banks. Total deposits with investment banks are basically conditioned by the nature of the funds utilized, which come from three main sources, apart from field investment banks have tried to maintain sales forces in their own organizations, but they rely on brokerage firms and "distribution firms" for the sales of newly issued securities to investors.

Investment banks are not authorized to hold seats in the stock exchanges, which is an exclusive privilege of the brokerage firms. It is true that they may hold 50 per cent of the voting shares of brokerage firms and de facto

orient their activities, as do commercial banks and some other types of institutions who they are the controllers of a financial conglomerate.

Because of the fast-changing structure of the Brazilian financial markets, private investment banks have found it advisable not to grant medium and long-term loans with funds made available by such time-deposits; but some of these funds have been used to finance the shortest maturities of medium and long-term loans, longer maturities being financed through other means.

For longer-term lending operations investment banks have used mainly official re-issuance of Treasury bills and foreign funds. Private investment banks also provide guarantees to loans granted to their clients by Brazilian official institutions, which is another way of coping with the difficulty of the direct raising of medium and long-term funds in the Brazilian capital market for credit operations.

The fact that the Brazilian Government has been adopting a policy of acting through private institutions as much as possible deserves special mention. The financing of large projects for public utilities, steel mills and the like must be executed directly by official development banks. But whenever the size and degree of risk can be borne by private institutions (acting jointly or individually) there is a good case for the governmental institutions to act through the latter and this is being done on a growing scale, especially by the National Economic Development Bank.

Governmental funds borrowed by private investment banks for re-lending operations amounted to \$200m on June 30, while official bank loans guaranteed by the latter totalled \$80m. The importance of official financial resources lies less in their significance to the total business of the private banks than in their contribution to the medium and long-term credit operations.

Investment banks are not authorized to perform the multiple international financial operations that have traditionally been the "bread and butter" of Brazilian and foreign commercial banks and also of British merchant banks. Nevertheless, Brazilian investment banks have developed important and growing relations with foreign banks and firms, through new types of financial operations and other activities, thus enlarging the spectrum of the international business connections of Brazilian investment banks

and commercial banks coordinate their action within the financial conglomerates. In the field of foreign relations, this coordinated action has permitted the broadening of the scope of cooperation and made easier the granting of reciprocity.

Another positive factor has been the direct participation of foreign groups in the share capital of Brazilian investment banks, authorized by the Government since they were founded. At first there was no precise limitation to foreign investment. Later on it was established by the monetary authorities that foreign ownership must not exceed one third of total shares. This was enough to stimulate large foreign banks to associate themselves with Brazilian financial groups through the share capital of investment banks, which is another way of coping with the difficulty of the direct raising of medium and long-term funds in the Brazilian capital market for credit operations.

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at a shorter average maturity, because not only is most of the demand for such funds related to working capital needs, but also because the demand for fixed assets financing in general is far not more than five years.

The exchange evaluation risk in such operations is contractually assumed by the ultimate borrower. The cost of foreign borrowing is automatically charged to the client, plus the margin of the Brazilian bank. In case investment banks are not able to roll-over domestic re-lendings falling due before maturity, they have the option to deposit these funds with the Central Bank.

The Central Bank will assume the exchange devaluation risk and pay (pro-rata temporis) the basic interest rate due abroad (except the "spread") and will also pay the Brazilian withholding tax levied on the exchange remittances relative to such foreign borrowings and domestic lending is therefore prudent, and the same rules apply to similar operations of commercial banks.

Credits contracted abroad by companies established in the country and guaranteed by private investment banks are usually procured by the latter. In the case of the financing of imports of goods or services, guarantees may apply to credits with a total repayment period of one year or more; in all other cases the guaranteed loan must follow the general rule, at present a minimum of five years.

Finally, the Brazilian private investment bankers feel that although their banks have achieved remarkable progress in the volume of business and variety and quality of services rendered to their clients they still have a large task ahead. The Brazilian economy is expanding vigorously and its international relations are increasing in complexity as well as in volume, while the organization and size of the domestic financial system a healthy climate of incessant search for the perfecting and expansion of activities, stimulated by rather active competition. The Brazilian private financial institutions have full confidence in the future of the country and are ready to play the role that is theirs in the realization of the national objectives of economic and social development.

was a need for a "financial engineering service" in respect of main infrastructure projects, as well as the more straightforward export financing covering sales of British capital goods to Brazil. The merchant banks were quick to seize this opportunity and with the backing of the Export Credits Guarantee Department, a sizable number of financing arrangements for individual projects and for support for the successful British trade fairs in Sao Paulo.

As the financial requirements of investment projects increase in size and complexity, the need is arising for a service to coordinate the export finance available from the developed industrial nations in Europe.

The experience which those merchant banks active in Brazil had developed was eagerly sought by the large international companies which were investing in Brazil. The banks were able to advise their clients on the various tax, incentive schemes, documentation and other formalities required by the Brazilian authorities, and it became clear that a more comprehensive form of service was required by foreign companies.

Some merchant banks went on to formulate the same apparent long-standing friendships they had built up with private Brazilian groups in order to combine the international skill of the banks with the detailed local knowledge of the Brazilian partners.

These limits were reduced to five years and eight years respectively, and a further measure reduced the withholding tax on all investment payable abroad from 25 per cent to 5 per cent. These measures have undoubtedly encouraged banks to re-enter the Brazilian market.

However, it is questionable whether the inflow of funds is as great as the Brazilian authorities would want and a further reduction to, say, three years could be required in the not too distant future.

If we accept the declarations of the oil-rich nations, then Brazil must be a prime candidate for financial assistance which should not have to suffer the whole burden of the increased cost of crude oil.

There is a role to be played by the merchant banks in pinpointing and refocusing projects which could benefit from petrodollars, and where such operations have always presented many difficulties.

In line with many developed countries, the Middle East oil crisis totally and undoubtedly became obvious that there

. . . and engineer export coups

by J. Antony Lesser, director, J. Henry Schroder Wagg & Co

For more than a century a number of London merchant banks have had close connections with Brazil and have built up a knowledge and experience shown by the varied activities in which merchant banks today are involved. Historically, the banks had developed a business which had its roots in financing commodities and raw materials followed by floating public issues in London for Brazilian municipalities and states, as well as for financing the development of Brazil's public transport systems.

It was not until the arrival of the Eurocurrency market that any big departure from the pattern of the merchant bank's involvement in Brazil took place. The remarkable growth in the country's gross national product since 1967, together with the massive investment in production facilities without the help of a developed domestic capital market, created an insatiable demand for foreign funds to fulfil local sources of finance.

In the early days after the bloodless revolution of 1964 such lendings were rarely for more than six months and almost exclusively in respect of trade transactions. However, political stability and imaginative economic policies in Brazil coincided with a period of explosive growth in the Eurocurrency market which was busy looking for new and secure lending opportunities.

In an attempt to control the ensuing inflow of funds the minimum permissible period for foreign borrowing was steadily increased to 10 years. At the same time it was hoped that this would have the effect of encouraging direct capital investment instead of debt financing.

As increasingly large amounts of money were required for longer periods, the merchant banks' role became one of syndicate managers with the finance provided by groups of banks in one or more financial markets. As a result of this activity and the close relationship it created with the Brazilian public and private sectors, merchant banks were frequently asked for assistance in determining the borrowable needs, potential sources and the acceptability of the terms and conditions of international funding operations.

With the increase in public and private investment, it became obvious that there

Branch networks vary widely

There are 143 branch offices of investment banks, while the private commercial banks have 4,520 units. This great difference in the size of respective branch office networks is basically a consequence of the difference in the nature of these two types of institutions.

The commercial banks perform a far greater number and volume of services of a retail nature, while investment banks are more wholesale institutions operating in specialized fields. Investment banks in Brazil are permitted neither to grant loans to individuals, nor to hold checking deposit accounts for their clients, nor to buy and sell foreign exchange.

Firm underwritings of new issues of shares in Brazil are effected mainly by the investment banks, although a few independent brokerage firms have also been active in that field. Investment banks have tried to maintain sales forces in their own organizations, but they rely on brokerage firms and "distribution firms" for the sales of newly issued securities to investors.

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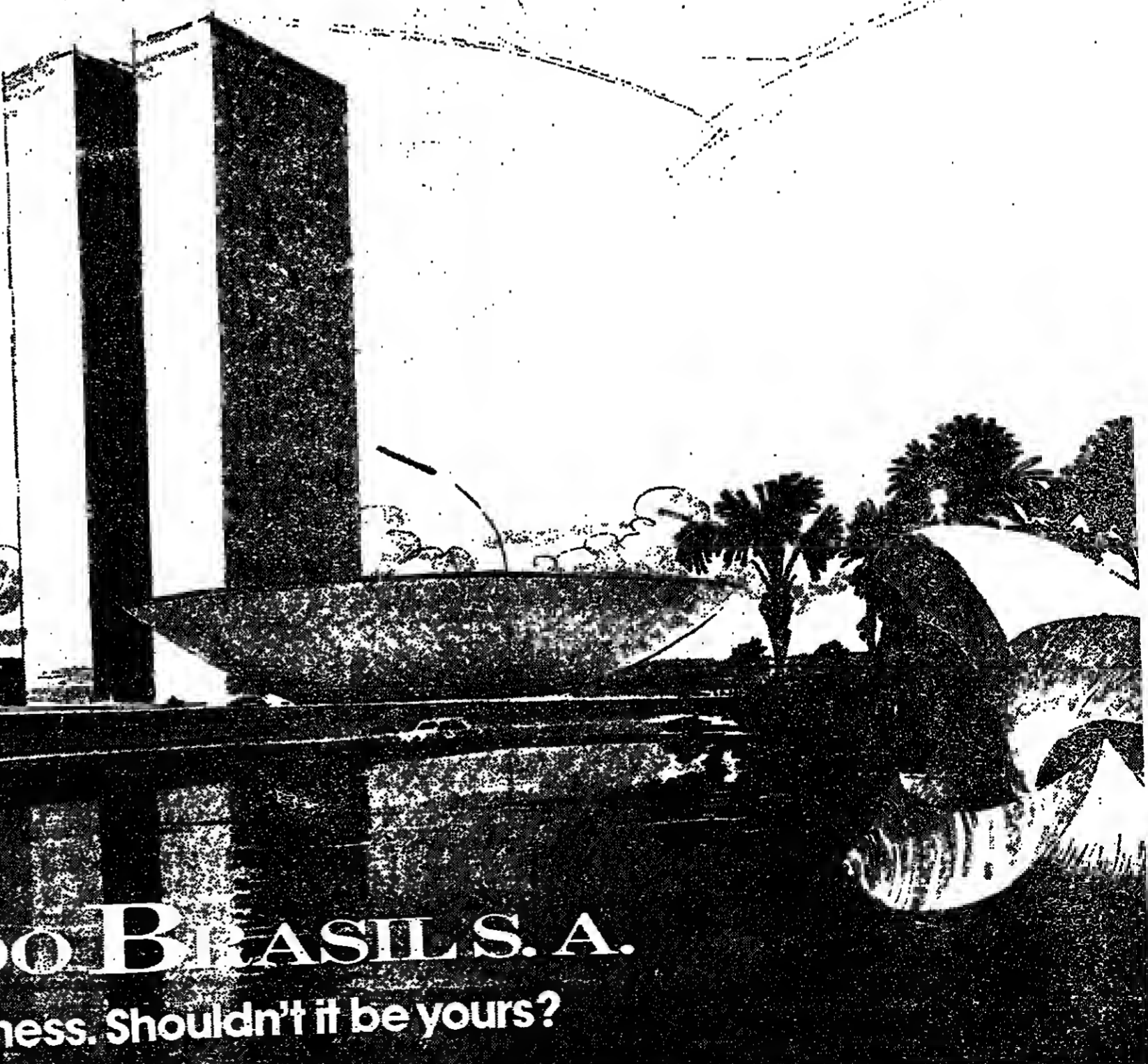


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BRAZIL BOOM

TRADE

	Value of Imports (fob)* \$m			
	1973 Jan-June	1973 July-Dec	1973 total	1974* Jan-June
Unprocessed foodstuffs	196	298	494	418
Wheat	143	193	336	218
Other	53	105	156	200
Processed food (inc spirits and tobacco)	19	57	76	68
Mineral products	301	522	823	1,367
Petroleum	224	393	617	1,106
Other	77	140	217	259
Chemical products (inc natural and synthetic rubber)	413	603	1,016	729
Textiles and textile products	39	55	94	91
Metal and metal products	304	520	824	929
Machinery and equipment (inc electrical and transport equipment)	932	1,211	2,143	1,349
Other imports	297	456	753	614
Total imports	2,501	3,720	6,221	5,585

* In 1974 a new system for classifying Brazilian imports was introduced. The FNBB Economic Department has attempted to reclassify imports for 1970 and 1971 according to the new system. In some cases available data have not made precise reclassification possible. In these cases, items under the new system have been left blank, and the respective imports have been included under one or more other items.

Sources: Central Bank Report (September 1974), Ministry of Finance

	Value of Exports (fob) \$m			
	1973 Jan-June	1973 July-Dec	1973 total	1974* Jan-June
Agriculture, forestry, fishing and livestock				
Coffee (beans)	558	686	1,244	489
Cotton	109	109	218	54
Frozen beef	91	58	149	16
Corn	2	1	3	0
Pine wood (boards)	36	27	63	25
Cocoa (beans)	20	69	89	60
Soya beans	143	350	493	110
Soya bean cake and bran	126	297	423	68
Sisal	20	39	59	83
Other	246	220	466	262
	1,351	1,856	3,207	1,127
Manufactured Goods				
Processed food (inc instant coffee)	256	261	517	405
Sugar	238	315	553	249
Machinery	83	114	197	156
Metal products	28	25	53	23
Chemicals and pharmaceuticals	29	12	41	22
Textiles	20	33	53	36
Vehicles	29	47	76	57
Footwear	49	45	94	59
Other	301	546	847	573
	1,035	1,397	2,432	1,585
Mining				
Iron ore	165	197	363	237
Manganese ore	14	4	18	22
Other	10	8	18	8
	190	209	399	267
Other exports	70	91	161	97
Total exports	2,646	3,553	6,199	3,076

Source: Central Bank Report (September 1974)

* Provisional data at November, 1974

The keynotes to Brazil's export drive this year have been expansion and diversification; in particular, Brazil has sought export markets outside its traditional trading partners of Europe and the United States. One area in which commercial interest is growing is Asia, particularly Japan and China. Already Japan has invested \$1,000m in Brazil and Brazil has great hopes of increasing trade with China, which has a domestic market of 800 million people.

In addition, Brazil is building up links with Latin America. Trade with ALALC has increased significantly; for diplomatic as well as economic reasons Brazil has been seen in the past as an ally of the United States, which has alienated other Latin American countries. Africa also is considered a potential market. Brazil at present is pushing hard to increase trade with Arab countries. A conference held in Rio in May discussed ways of increasing trade and investment. The possibility of payments to reach equilibrium, the country would

with joint Arab-Brazilian capital has been considered recently. Brazil's increased export drive has been necessary in order to offset the country's current trade deficit, caused primarily by the steep increase in the price of oil. Oil imports rose from \$224m in the first six months of 1973 to \$1,103m for the equivalent period this year and it has been estimated that Brazil's oil bill this year could reach \$3,000m. In addition, although exports have increased this year, they have not grown as much as imports.

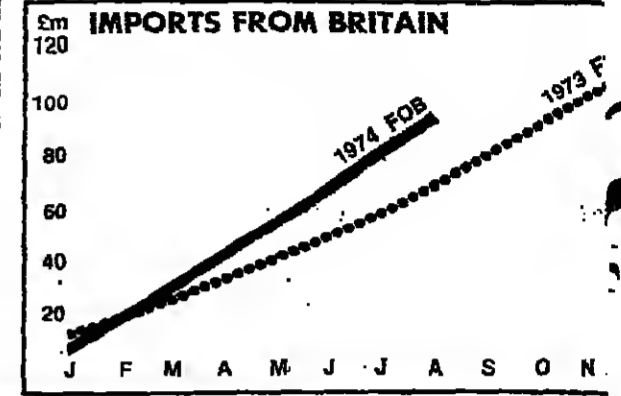
Total exports for the first six months of the year rose from \$2,536m (January-June, 1973) to \$3,076m while imports more than doubled, the 1973 figure for the first six months increasing from \$2,501m (fob) to increase trade with Arab countries. A conference held in Rio in May discussed ways of increasing trade and investment. The possibility of payments to reach equilibrium, the country would

need to increase its total exports by \$2,000m a year. Latest export figures from Cacex estimate the value of Brazilian exports for the first eight months of this year at \$4,475m (manufactured products \$1,842m), an increase of 14.1 per cent compared to the first eight months of last year. It is now the first year since 1967 that the year's target will be reached. Latest export figures from Cacex estimate the value of Brazilian exports for the first eight months of this year at \$4,475m (manufactured products \$1,842m), an increase of 14.1 per cent compared to the first eight months of last year. It is now the first year since 1967 that the year's target will be reached.



Direction of Trade		1973 \$m	1974
Exports			
United States		1,240	
Canada		81	
LAFTA		558	
EEC		2,306	
ETA		298	
Comecon		422	
Japan		428	
Other countries		865	
Total		6,198	3

Source: Cacex



INDUSTRY AND MINING

In 1973, overall industrial production in Brazil rose by an estimated 15 per cent; it was this increase which counterbalanced agriculture's poor showing (3.5 per cent) and brought about an overall economic growth rate of 11.4 per cent.

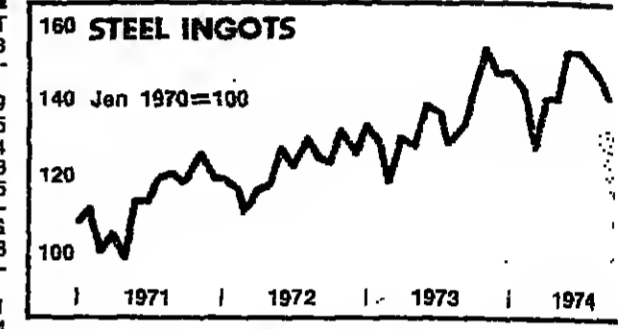
Figures released in 1974 (preliminary official estimates) show that industrial production rose by 17.3 per cent in the first quarter, compared with the same period in 1973. The following sectors showed the greatest increases:

14.4 per cent from the same period (first nine months) of 1973. Short demand, however, was the cause of the first few months partly because of falling sales of durable goods, particularly cars and household appliances.

Nearly 25 per cent of the world's known iron ore deposits are in Brazil, and it is expected that by 1975 exports will amount to \$500m and that in the late 1970s iron ore will replace coffee as the largest single export commodity. Last September the Brazil-

Current outlook	SEPT (P) 1974		SEPT 1973	
	Production (1,000 tons)			
Pig iron	449.2	448.9	414.5	414.5
Steel ingots	612.0	612.0	234.4	234.4
Flat rolled	197.9	197.9	18.3	18.3
Tin-plate	292.9	292.9	286.5	286.5
Sales (1,000 tons)*				
Uncoated flat products	185.1	244.1	25.4	25.4
Coated flat products	25.7	25.7	25.4	25.4
Stock/Sales*				
Uncoated flat products	58.2	24.0	110.0	110.0
Coated flat products	60.0	60.0	110.0	110.0

* CSN + Cosipa + Usiminas. Sources: IBS, Consider. (P) = provisional data.



Cascares (Bahia) to be completed by late 1977, including units producing benzene, toluene, paraxylene, mixed xylene and orthoxylene. Petroquímica, Shell Brazil and the Promorte and Uniao groups, will each take a quarter share in a new company which will set up, at a cost of \$60m, a plant producing 50,000 tons of polypropylene a year. Monsanto (US) will build a factory at Sao Jose dos Campos (Sao Paulo) to manufacture rubber chemicals from 1976. Dow Química will set up a factory in the north-east manufacturing up to 150,000 tons of alkaline chloride a year.

Petrobras Química Fertilizantes (Petrofertil) will expand its plants in the state of Bahia to step up the annual production of ammonia and urea to 306,000 and 354,500 tons respectively. The Companhia de Petroquímica do Nordeste (Copene) is opening plants at Camacari to produce 500,000 tons of basic petrochemicals a year. Two have attracted foreign capital which is mainly responsible for the growth of the sector; particularly in the north-east, a priority area which comes under the Sudeste regional development plan.

Imports are now costing more, and so the Government is intent on expanding domestic production of electrical and electronic goods, because of the growing requirements for industry and the need to reduce Brazil's dependency on foreign imports. Expansion of these sectors will rely greatly on foreign investment.

Expansion is being encouraged by the state. Investments will be about \$1,000m for 1974 and 1975. There are 39 steel mills in operation which in 1973 produced 7,129,000 tons of steel. For 1974, expected production figures are 8,500,000 tons.

Production by-products and exports in 1973 iron ore output was 58 million tons, of which 43,500,000 tons were exported, 9,360,000 tons of steel were used internally (an increase of 28 per cent over 1972), and it is believed that this year, imports of steel will be kept below three million tons. Though the domestic supply of rolled steel (3,100,000 tons) was up by 6.4 per cent from last year; this is still 30 per cent short of national consumer demands.

During January-September, production of steel ingots was up 9.2 per cent over the figure for the equivalent period in 1973, though during the year production fell from May. September's output was 8.5 per cent less than May's and 3.9 per cent less than that of August.

Flat rolled steel - which has declined by 4.3 per cent from last year, largely because of the switch in production from ingots to non-flat rolled production - is up

Various ventures have recently been approved, in which foreign corporations have put money into enterprises with Siderbrás as the majority shareholder among them (Siderbrás may accept minority investments from foreign corporations into steel marketing and production and allied products.) Usina de Tubarao (Espirito Santo) has a present capacity of three million tons of semi-finished products and an expected output from 1980 of six million tons. (Foreign partners Kawasaki, Japan, and Finsider, Italian).

The state of Maranhao - set up by Siderbrás with 51 per cent, Nippon steel and other United States and European partners - is to start production in 1980, with a maximum capacity of four million tons of semi-finished products in its initial stage and then 16 million tons of semi-finished and rolled steel.

Investments in these two projects up to 1980 are estimated at \$9,000m and \$6,200m respectively. In addition, manufacturers from both public and private sectors are setting up new projects and expanding existing ones.

Expansion is taking place in: VOLTA REDONDA, USIMINAS and COSIPA, COSIPA (state of Guanabara) planned production

Industrial production	Jan-September 1974		Jan-December 1973	
	Steel ingots (1,000 tons)	5,684	5,188	7,150
Rolling steel (1,000 tons)	4,822	4,439	5,471	6,178
Pig iron (1,000 tons)	4,636	4,031	4,789	5,471
Coke (1,000 tons)	7,705*	7,705*	7,705*	7,705*
Crude petroleum (1,000m³)	1,048*	871	9,876	11,190
Natural gas (1,000,000m³)	8,826*	8,038	11,018	9,833
Gasoline "A" (1,000m³)	7,728*	8,854	9,833	9,230
Diesel oil (1,000m³)	7,441*	8,828	9,833	9,230
Fuel oil (1,000m³)	644,880	521,224	727,823	36,894
Vehicles (units)	31,680*	26,875	12,824	12,824
Tractors (units)	10,523*	9,362	128,084	128,084
Cement (1,000 tons)	104,730*	81,644	128,084	128,084
Synthetic rubber (ton)	41,378*	35,327	48,533	48,533
Electric power (1,000,000kWh)				

Basic statistics APEC Sources: steel ingots, pig iron and rolled steel: Instituto Brasileiro de Siderurgia; crude petroleum, gasoline, "A", diesel oil and fuel oil: Petrobras; vehicles and tractors: Gamaez; cement: SNIC; synthetic rubber: Sudheav; electric power: Rio Light, Sao Paulo. *Estimates.

	Cumulative Steel Production (1,000 tons)				VARIATION 1974/73
	1971	1972	1973	1974	
Pig iron	2,251.5	2,497.0	2,755.8	2,852.0	+3.5%
Steel ingots	2,824.3	3,112.3	3,421.4	3,748.9	+9.6%
Flat rolled	1,007.4	1,187.5	1,408.2	1,386.2	-1.2%
Tin-plate	128.6	120.2	114.5	120.3	+5.0%
Non-flat rolled	1,188.4	1,296.0	1,478.5	1,718.8	+16.2%

Source: IBS

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COST OF LIVING

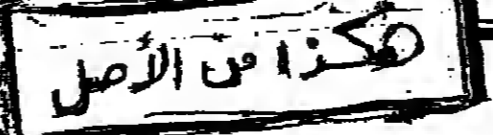
New minimum wages	Cost of living, Rio de Janeiro (Guanabara)		
	Percentage increase on previous December	June 1973	1974 (to date)
President Geisel announced on May 10 that new minimum wage levels, representing increases averaging 20.8 per cent were to remain in force for three years. Monthly rates for the principal cities are as follows: Sao Paulo, Rio de Janeiro, Brasilia and Belo Horizonte, 376.8 cruz; Porto Alegre and Curitiba, 350.4 cruz; Recife and Salvador, 295.2 cruz. As the Government is to retain tight controls on pay (the most effective way of keeping inflation under control) such salary adjustments as will be made, will be renegotiated as from August, taking into account an "inflationary residue" of 15 per cent and a productivity coefficient of 4 per cent.			
Food	7.3	27.8	
Clothing	4.4	9.3	
Domestic articles	8.6	15.9	
Medicine, toilet articles	5.6	13.5	
Personal services	5.4	18.0	
Public services	10.7	18.0	
Total	6.8	20.8	
Wholesale prices			
Percentage increase on previous December			
Farm products	June 1973	1974 (to date)	
Industrial products	7.4	28.3	
Foodstuffs	8.2	20.5	
Total	7.8	23.3	
Total (internal consumption)	8.0	23.3	

TOP TWENTY

Position	name	capitalization cr\$ m
1	Petroleo Brasileiro SA Petrobras	13,043,807
2	Centrais Electricas de Sao Paulo (CESP)	12,307,424
3	Centrais Electricas Brasileiras SA Eletronbras	11,775,820
4	Light Servicos de Electricidade SA	5,302,998
5	Telecomunicacoes de Sao Paulo SA Telesp	4,707,256
6	Cia Telefonica Brasileira CTB	4,237,547
7	Cia Vale do Rio Doce	3,881,482
8	Rede Ferroviaria Federal SA	3,781,897
9	Fepasa Ferrovia Paulista SA	3,770,129
10	Empresa Bras Telecomunicacoes Embratel	3,482,747
11	Cia Saneamento Basico Est de SP Sabesp	3,364,104
12	Furnas Centrais Electricas SA	2,491,388
13	Cia Siderurgica Paulista Cosipa	2,436,686
14	Centrais Electricas de MG SA Cemig	2,318,718
15	Cia Siderurgica Nacional	2,147,802
16	Volkswagen do Brasil SA	2,060,683
17	Cia Hidro-Eletrica Sao Francisco CHESF	1,999,047
18	Usinas Sid Minas Gerais SA Usiminas	1,863,043
19	Cia do Metropolitanano Sao Paulo Metro	1,511,282
20	Cia Soya Cruz Ind e Com	1,377,558

GENERAL

Brazil is a federal republic occupying the east and central area of South America. It is bounded by the Atlantic, and has common frontiers with all the countries of South America except Ecuador and Chile. It covers an area of 3,286,470 square miles (almost half the South American continent). It is larger than the United States, and has a population of 101,706,000 (1973 census) of Sao Paulo which is increasing at an annual rate of just under 3 per cent. The principal cities are: (Pop. 1970) Brasilia (capital) 2,751,918; Sao Paulo 10,170,000; Rio de Janeiro 5,924,612 (expected to become the world's largest city by 1984). The President, General Ernesto Geisel, of Liberman descent, took office on March 15, 1974. The state religion is Roman Catholic, the language Portuguese.



FOCUS

Researched by Susan Morgan

VEHICLE PRODUCTION

Though production figures for cars in the first nine months of 1974 are up by more than 22.8 per cent on 3c figures for the same period last year, the industry has been hard hit by the huge increase in the price of petrol. Production during the year has declined and September's figures are down 5 per cent from August which is in turn down by 3.6 per cent from July figures. It now seems almost impossible to reach the 1974 target of 880,000 units (20.5 per cent higher than 1973). The problem of slumps in car sales is by no means confined to Brazil. However, there the problems have been compounded by industrial unrest, slowdowns by workers, which will disrupt production further. Agricultural tractors. Despite increased output, there is still a shortage of domestic supply, which will probably reach 10,000 units (about 20 per cent short).

Production	1974				Jan.-Sept. 1972/71		Variation	
	1971	1972	1973	1974	1972/71	1973/72	1974/73	
Total cars	378,040	448,852	522,578	641,533	+18.7%	+16.5%	+22.8%	
Wagons & pick-ups	247,871	300,868	327,925	390,172	+21.4%	+9.0%	+19.0%	
Trucks	97,863	107,866	143,369	189,587	+10.0%	+33.2%	+32.2%	
Buses	29,051	36,422	48,898	55,533	+25.4%	+28.6%	+18.6%	
Other	3,255	3,696	4,446	6,236	+13.5%	+20.3%	+40.3%	

Source: Anfavea

SHIPBUILDING

relative newcomer in state of Rio de Janeiro. The 53,000-ton Doceanagra, the biggest vessel ever made in Latin America, was built here.

Companhia Comercio e Navegacao. Situated on Ponta d'Azeite, Niteroi, state of Rio de Janeiro. EMAP (Engenharia e Maquinas). Situated in Praia Rosa, Ilha do Governador, state of Guanabara. Builds tugboats, dredgers and trawlers.

Industrias Reunidas Caneco. Situated on Ponta de Caju, state of Guanabara. Brazilian shipyards organized on a national basis to promote exports. Members of Estraleiros Associados do Brasil (ESA-BRAS - Associated Shipyards of Brazil), whose headquarters are at Av Rio Branco, 20, 2 Andar, Rio de Janeiro.

Shipbuilding industry—capacity of shipbuilding docks or slipways

Shipyard	Capacity in dwt		
	1969	1973	1975
Shikawajima do Brasil—dock 1	25,000	25,000	25,000
Shikawajima do Brasil—dock 2	—	45,000	400,000
Estaleiro do Brasil—slipway 1	20,800	40,000	50,000
Estaleiro do Brasil—slipway 2	—	120,000	150,000
Com. Nevegeçao (Meua shipyard)	35,000	35,000	70,000
MAQ	15,000	15,000	40,000
Caneco	7,400	10,000	40,000
Other	10,000	10,000	10,000

Source: Brazil export '74

Foreign investment

Foreign investment in Brazil in June 1972 these figures were \$2,081 end \$1,323. Currency loans fell from \$4,000m in 1972 to \$3,200m in 1973. This was largely because of more stringent measures on loans adopted by the Government to prevent the build up of inflationary pressures. Foreign capital grew significantly in 1973; an over-whelming proportion of this (99.4 per cent) was in currency investment, while investment in capital goods registered 0.6 per cent. The net inflow of foreign investments was almost three times as great as that of 1972—\$2,493m for investment; \$900m against \$318m.

Country	Investments		Total	Increase over June 30, 1972
	Investments	Reinvestments		
United States	799.3	658.2	1,455.5	22.4
West Germany	375.5	148.3	523.8	40.8
Canada	251.6	70.6	322.2	8.0
United Kingdom	95.9	219.7	315.6	20.0
France	234.1	93.6	327.7	60.0
Switzerland	223.8	8.4	232.2	14.0
Japan	58.4	154.8	213.2	33.3
Panama	72.4	34.3	106.7	10.2
Netherlands Antilles	41.0	51.7	92.7	0.2
Netherlands	52.0	38.4	90.4	92.8
Sweden	42.0	30.2	72.2	13.9
Belgium	48.7	16.7	65.4	13.1
Luxembourg	52.3	33.8	86.1	129.0
Italy	31.4	2.1	33.5	1.8
Others	114.9	23.1	138.0	37.8
Total	2,493.3	1,582.9	4,076.2	27.9

Source: Banco Central do Brasil

FOREIGN DEBTS

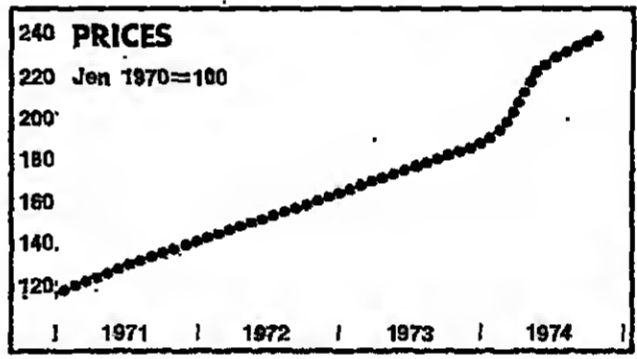
The total foreign debt at the end of 1974 is forecast at about \$13,000m compared with \$12,882m at December 31, 1973. It would be unrealistic to expect the Brazilian Government to be able to expand exports sufficiently in the short term to improve balance of payments and pay off this debt. The Brazilian Government is not too preoccupied about this debt and the growth of the debt is monitored and will form part of the official plan for the balance of payments. However, the long-term view is less optimistic. Many observers feel that the foreign debt will grow sharply after 1975 (imports are bound to increase while exports may not follow suit) and that it may be difficult for the Government to meet repayment targets; at present this is being done through the Eurocurrency markets, but how long this can continue is uncertain. A continual rise in the foreign debt may prove a dangerous move, because future export performance cannot be guaranteed to offset it—and only if exports continue to increase can it be serviced.

	end-year			
	1969	1970	1971	1972
Compensatory loans	548.4	381.5	300.8	240.9
US and programme loans	564.8	603.8	622.8	617.8
Import financing	1,355.2	1,709.3	2,201.5	2,783.8
of which: IBRD	198.8	258.2	347.5	483.9
IDB	151.0	181.4	206.1	243.7
IFC	14.1	18.4	22.6	34.5
Eximbank	155.9	190.4	238.3	277.6
US aid project loans	227.00	268.3	307.7	341.9
Loans-bond	—	—	—	60.0
External consolidated debt	18.1	15.0	13.7	12.2
Foreign financial credits	1,604.7	2,284.8	3,193.0	5,528.3
of which: Resolution 63	432.5	653.2	983.3	2,018.4
Sumoc 289	373.5	381.2	294.8	207.4
Law 4131	798.7	1,250.2	1,814.9	3,302.5
Miscellaneous loans	314.1	301.2	291.8	276.0
Total	4,403.3	5,295.2	6,621.6	9,521.0

Source: Banco Central do Brasil

BANKING

Little change in Brazilian legislation on the registration of investments is expected in the near future. Brazilians are anxious to extract currency and technology into those areas which they are unable to develop autonomously. The Government's main instrument of credit control is the Central Bank, created in 1964, which implements the policies formulated by the National Monetary Council. Government policy has been to concentrate on the mobilization of domestic credit and increase foreign loans. The domestic banking sector was badly shaken by the Hales group problems earlier this year and the Government is increasing pressure on the banks to encourage mergers. In 1964 there were 328 separate banks; now there are 115 with 7,931 outlets. Government pressures are also maintained to keep interest rates and operating expenses as low as possible, both are still thought to be too high. Since the banking reforms of 1964-65, a good deal of the loan business has filtered to newer financial institutions.



Balance of payments

The flexible exchange rate and producers have been holding back on sales. Sugar overtook coffee as the leading foreign exchange earner for the first 10 months of the year—a reflection on world market conditions. Imports have also risen sharply—oil costs were \$1,077m for the first five months of the year compared with only \$422m for the corresponding period last year. Agricultural exports are still expected to do better in the second half of this year but the estimated trade deficit is still likely to be at least \$2,000m. This is in spite of June's import control which imposed increases on more than 40 luxury items among other regulations.

	(\$m)	
	Jan-June 1974	Jan-June 1973
Balance of payments deficit	205.2	1,603
Deficit on current account	3,423	1,929
Surplus on capital account	2,957	1,967

Source: Banco Central October, 1974.

	January-September	
	1973	1974
Imports	4,377,770	8,980,000
Exports (grand total)	4,638,191	5,291,165
Industrialized	1,391,911	2,136,933
Trade balance	+258,421	-3,888,834

Source: Business Briefs

INFLATION

Brazil is one of the very few countries which has adapted to inflationary conditions. Since the mid-1960s there has been a series of measures to combat inflation—strict price and wage controls, limitations on government spending and a policy of monetary correction. The success of these measures has been marked, although in 1973 efforts to hold down inflation to 12 per cent were unsuccessful. The main thrust of the attempt was through subsidies and artificially low prices on certain foods and some industrial products. In practice not only did the attempt fail, but it also contributed to this year's problems. Together with the oil and commodity price rises, it led to an inflation rate of 45 per cent for the first five months of this year and looks as if it will continue in the region of 30 per cent for the remainder of the year. The slowdown during the year has occurred because of the Government's control measures—limitation of growth in the money supply to 35 per cent, emphasis on higher productivity, wage and price controls and the recommendation to officials to hold down inflation to 12 per cent were unsuccessful. This has achieved some success, but there is no doubt that international pressure have made it harder to control inflation and have contributed to the growing popular discontent that has manifested itself recently in the recent defeat of the incumbent party in the preliminary elections.

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Soya and wheat in harness

by Patrick Knight

Years ago Brazil only produced 10 per cent of its needs. It is hoped that this year's \$600m import bill will be cut even further next year as more land is put to wheat.

Home demand is still low, and it is doubtful whether Brazil can entirely meet it at economic prices. On the other hand, it is felt that the central area of the Mato Grosso and Goiás could produce far more wheat, soya and cattle once fertilizer production is increased.

Other crops where Brazil is likely to want to carve out a slice of export business for itself in the near future are in the up-and-coming orange juice business, although production this year has not been so high as last year. Sorghum, which is a fairly new crop in Brazil, is producing good yields, but the export potential is limited.

Rubber might become competitive again, as the price of synthetic rubber rises. Plantations in Bahia have proved disappointing but efforts are being made to achieve better yields in Rondônia and Amazonia. A million trees are felled every day in Brazil, for even now 15 per cent of

energy is derived from wood. Eucalyptus and faster growing varieties of pine than the traditional *paraná* are being planted in reforestation programmes.

Early this month the Government announced plans aimed at making Brazil self-sufficient in paper and cellulose by 1980, and to export 20 million tons of cellulose by 1983. During the past 12 months \$150m was spent on paper and cellulose imports.

New efforts are being made to encourage the agriculture of the North-east, as the somewhat unrealistic solution of encouraging mass migration to Amazonia is recognized as being failed. It is finally being accepted that the problems will have to be solved within the region itself. Plans to invest \$120m have been announced, and among the 20 large projects is a proposal to increase the irrigated area by 120,000 hectares.

Losses in storage and transport are as high as 20 per cent, but there are ministry plans to improve feeder roads, attack pests in a systematic way, and to improve storage facilities, a census of existing capacity is being carried out. The tractor stock is increasing fast and should rise from the existing 245,000 to 510,000 by 1979.

Land is still plentiful in Brazil and there is scope to increase the intensity of production if demand should be there at the right price. It has recently been estimated that only 25 per cent of land is exploited at the moment and only 4 per cent cultivated, amounting to some 40,600,000 hectares in 1973.

There is a growing labour shortage in the richer states, as manpower moves to the towns and cities.

The announcement that social services are to be extended to rural workers will no doubt stimulate mechanization, although these proposals will probably take several years to fulfil. Whatever may be planned at government level, there remains an enormous gap between intention and practice in Brazil.

Most farmers are conservative and are not influenced by government propaganda, many being illiterate. The impact of the small number of agro-consultants remains minimal.

There are 600,000 farmers to the state of Minas Gerais, for example, yet only 1,300 agro-consultants to advise them. The point is made by the differences in productivity of new crops, such as soya, where the farmer admits he knows nothing and listens to advice, and traditional crops such as maize.

Sugar becomes a major earner

This year sugar has become Brazil's major earner, passing coffee for the first time in recent history. Sugar exports totalled 2,400,000 tons, and earned \$1,200m in 1974. Exports were lower than last year's 2,970,000 tons, but revenues in 1973 were only \$600m.

Brazil plans to increase production to 10 million tons by 1980, with four million tons available for export. It is already the world's biggest producer and cut about seven million tons of cane this year.

Exporters are expecting a stabilization of the world price well below its present price level, and contracts have been signed with China and Middle East countries at below current prices, though partly for political reasons.

Prices paid to producers have doubled this year, but this has been offset by an increase of 150 per cent in the price of fertilizer, a 40 per cent increase in labour costs and oil price rises. There has also been intense speculation in land this year; values have doubled, tending to push up costs.

Agriculture is being given top priority by the new Government, as buoyant world demand and prices for many of Brazil's crops have brought about the realization that an efficient agricultural sector can earn increasing amounts of foreign exchange, particularly at a time when exporting industrial goods is difficult. The trend towards mechanizing agriculture began about five years ago, but has been accelerated by General Geisel's Government.

A concerted effort is being made to increase productivity by offering extra credit, encouraging mechanization, increasing fertilizer production, improving transport and storage facilities and by attempting to reduce losses caused by bad husbandry and pests.

There is the traditional zone of Rio Grande do Sul, Santa Catarina, Paraná and São Paulo where breeds common to the United Kingdom are found, and where British livestock have sold well in recent years. The central zone, including Minas Gerais, Goiás and southernmost Mato Grosso, and also certain areas of the north-east share the same conditions. There is also the new zone of northern Mato Grosso and Amazonas. Here African breeds are commonly raised, and quality has been greatly improved in recent years.

Cattle rearing in the jungle areas is still in its infancy, and a clear pattern has yet to be established. The situation is still distorted by special factors such as the perhaps over-generous fiscal incentives given to firms prepared to invest their profits in clearing jungle and setting up ranches. Results so far have not always been successful, but the outlook is bright for the long term, with several large-scale schemes operating or under study, some involving complete processing deep in the interior.

Although the Brazilian cattle stock is estimated at about 85 million head, fluctuating weather conditions, and the fact that most pasture is unimproved means that it takes on average six years to bring a Brazilian steer to market weight, compared with four years in Argentina.

The virtual collapse of the world beef market has hardly affected Brazilian cattlemen. They have never exported more than 10 per cent of their kill, and the home market is buoyant, with demand increasing at about 6 per cent a year. Consumption of beef is still fairly low at about 18 kilos a head a year, compared with 50 kilos a head in Europe.

There is still great scope for increasing productivity in a sector where husbandry and marketing are often primitive. Controls are slowly being extended, and between 60 and 70 per cent of slaughtering is done in authorized places, under the supervision of the federal veterinary service. Beef exports will probably be between 160,000 and 180,000 tons.

Other crops with excellent prospects are cocoa, maize

and cotton. It is planned to achieve a steady 4 per cent increase in cocoa production, aimed at producing 550,000 tons by 1980. This will result in Brazil passing Ghana as the world's largest producer.

The crop is concentrated in Bahia and other north-eastern states. Foods are to be devoted to research, improvement of stock and manpower training.

Domestic demand for cotton remains high. Only 35,000 tons were exported this year, compared with 120,000 tons in 1973. Low world prices have meant that plantings have been cut by an average of 10 per cent, and up to 18 per cent in São Paulo state.

This year saw a dramatic increase in exports of maize, which reached 360,000 tons, compared with 7,000 tons in 1973. Good prices were obtained because of a poor United States crop, and stocks were run down to meet demand. Exports account for only a small proportion of the crop, however. 2,400,000 tons are consumed in São Paulo state alone.

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Budget increased by 165 per cent

The Ministry has had its budget increased by 165 per cent and is recruiting the best skills available. Production has increased by about 10 per cent in 1974 despite the floods in the north-east early in the year, when up to half of plantings were lost. This compares well with the 4 to 4.1 per cent increases of recent years. Levels of internal demand are fairly low, so the planned 7 per cent growth may only keep pace with internal consumption.

This assumes that it has been decided to permit controversial politics to return to Brazil, which will result in increased wages and greater expenditure on food.

Imports of fertilizer have dropped by about 5 per cent because of increased costs, and Brazil uses about 30 kilos a hectare at the moment. The \$1,300m investment aims to boost production to four million tons, and consumption to 80 kilos a hectare.

Brazil can hardly be treated as one unit as far as cattle are concerned. There are at least three different zones, each with distinct methods and problems.

Maize yields 1,300 kilos a hectare

Yields per hectare of soya are some two thousand kilos. Yet yields of maize, often grown by the same farmer, remain at around 1,300 kilos a hectare compared with 6,000 kilos on equivalent land in the United States.

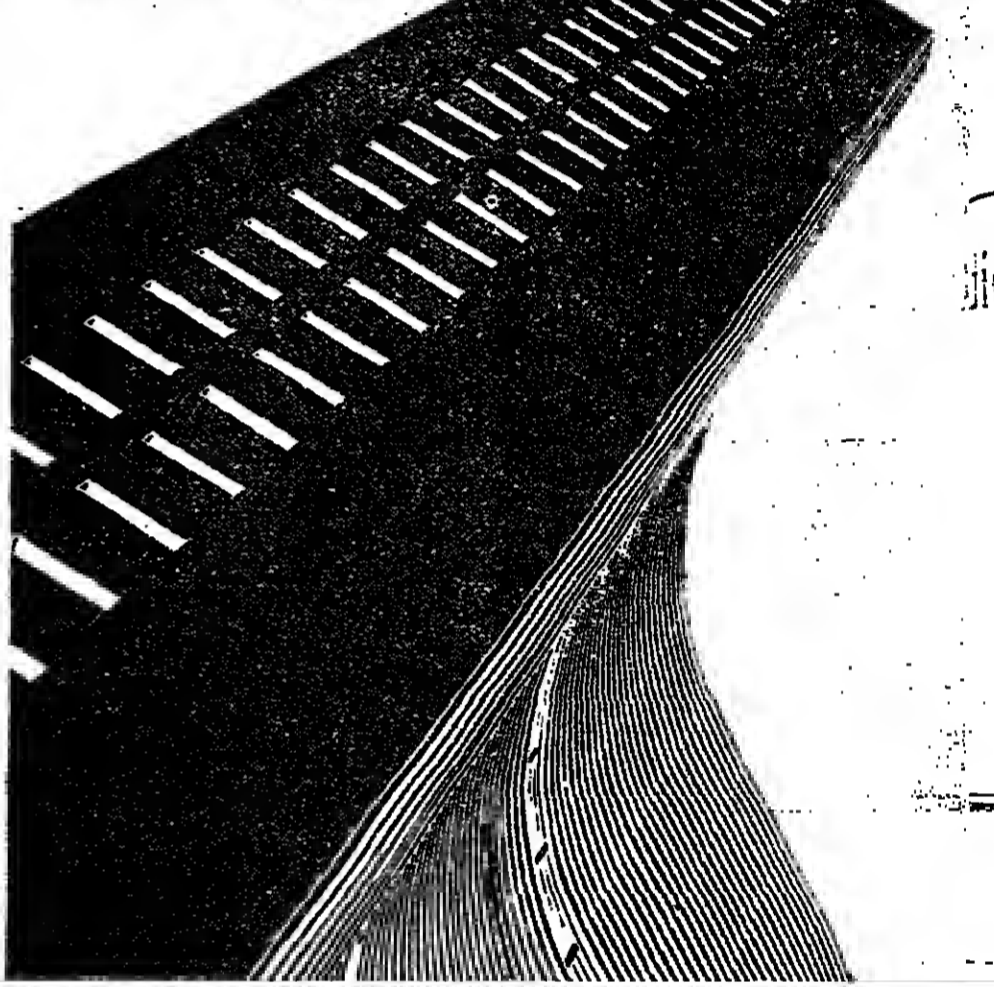
There are sure to be many more changes. Some experts go so far as to say that Brazil will not be a coffee producer by the year 2000 but will import it from lower-cost African countries.

Increased labour costs are pushing up prices and, although efforts are being made to mechanize, beans ripe at different rates, making harvesting by machine difficult. There are dangers in too rapid a pace of change.

Fears are being expressed about the erosion risks involved in rooting up coffee bushes. These absorb the semi-tropical rainfall fairly well, and protect the soil from the exposure inevitable in soya and wheat cultivation.

Brazil is trying to rectify the malpractice of centuries in agriculture. So, unlike the new sphere of industry, miracles are not so easy to achieve.

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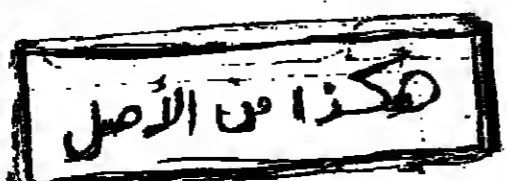
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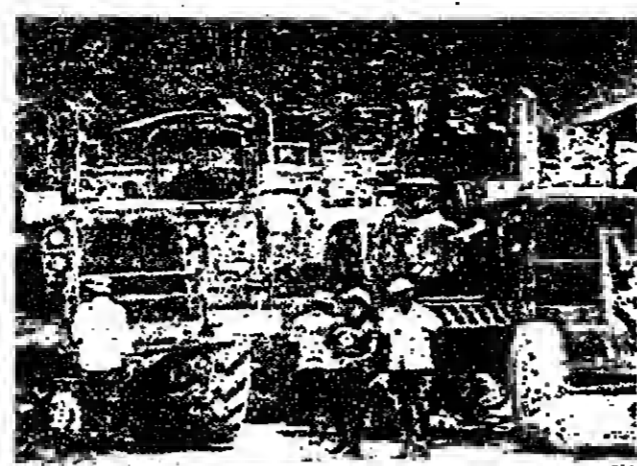
Drive right on for New York' is the dream

There has been a change in emphasis on Brazil's road-building programme in recent months. Few major projects are being launched, while funds for investment are to be held in reserve until 1975.

Several important routes will be opened next year, the most spectacular being a 500 kilometre coastal highway linking Rio de Janeiro to the port of Santos, said to be the most expensive ever built in Brazil, costing 2,500,000 dollars. The route stretches through rough rock, or involving massive protection works to vent tropical rain and subsidence, will be almost 1 km a kilometre.

Construction has been aided by the difficult terrain, bad weather and shortages of materials, particularly cement, now affecting sectors of the economy. The first stretch of 257 km will be opened in April. When completed, one of the most attractive arteries will be opened to the coast. Pressure will be reduced on the overworked Rio-Sao Paulo, and the first road to re-Amazonia port of Manaus due to open to traffic in the north from the north to the centre of the country to the banks of the Amazon. This is the Cuiaba to Santarem Highway, 1,754 km long. But already it has caused controversy by passing through Indian reservations, and workers have been attacked. The area crossed is particularly rich in mineral deposits.

Work continues along the northern perimeter road, a 421 km transcontinental route linking the Atlantic coast with the Colombian frontier, to the north of the Amazon. Like most roads in



A fleet of bulldozers on the site of a new highway in the Amazon jungle.

Amazonia, the northern perimeter is being built by the army.

There has been a slowing down of the pace of road building in Amazonia. The Trans-Amazonia, widely publicised as a colonisation and integration road, built to encourage the migration of settlers from the impoverished north-east, was in reality much more political in concept, aimed to define and perhaps defend an ill-marked and empty frontier area. Only 10 per cent of the expected 100,000 settlers have in fact moved to Amazonia. More have come from the more dynamic and richer south.

There is little to attract settlers. There are few medical, educational or social facilities, and although there are fertile areas, the lack of accessible markets makes other than subsistence farming difficult for the undercapitalized small settler.

Emphasis has moved from the encouragement of uncoordinated migration to the development of heavily capitalized poles of growth, usually grouped around a mining venture, which provides a basic market for products, and with a proper infrastructure. The cost, and the engineering difficulties of maintaining the 5000 km east to west Trans-Amazonia are proving formidable.

The terrain is not as flat as it appears from the air and obstacles to the hurriedly planned road, though over building programme, are causing continual problems during the prolonged rainy season.

Some stretches have already been rebuilt, and washed out bridges replaced several times. Voices are beginning to be heard, though still faintly, asking

whether such a road is the best way to police the area and suggesting that cargo supplied from the air could do the job better and more cheaply.

The numerous agricultural and industrial projects in the 1975-79 second national plan imply that industry will be more widely dispersed in future, and will call for the building of many small scale feeder roads, while 2000 km of major road will be upgraded in 1975. The first code of maintenance practice has been produced, and a network of maintenance centres is planned with training facilities for engineers and technicians.

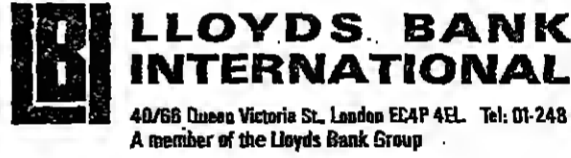
The recent news that Brazil is likely to be self-sufficient in oil in the near future is likely to give an added boost to the road sector, though not to the detriment of the railway-building programme. It will be a long time before railways reach Amazonia, except for specific mineral extraction projects, so that in the majority of the huge country, the road system continues to expand and be improved.

Brazil is now well provided with the routes she needs for the current level of economic activity. There is some spare capacity in the north-east, built as a result of aid programmes in anticipation of development that will now have not come. Elsewhere it is a question of eliminating bottlenecks before they throttle development, resulting, it is hoped, in a further 30,000 km of road toll, in which 3,000 people were seriously injured in 1973.

P.K.

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Radical measures needed to tap land resources

Swelling inflation has seriously affected the housing market. Relatively low income and minimal rates and the credit schemes enjoyed by the middle classes have encouraged ever-increasing outlays to be invested in making rational housing urban planning difficult to achieve.

Inflation this year is rising at 35 per cent, but rise of land prices in São Paulo has doubled in the last 12 months and increased by 400 per cent in some areas, notably near the metro route. Private individuals and companies are unwilling to dispose of real estate and it is estimated that there is enough idle land within the greater São Paulo area to house three times the present population.

The municipality of São Paulo took a first step towards tackling the problem three years ago when Emurb, the municipal urbanization department, was founded. So far Emurb has not been able to buy much surplus land, lacking the capital necessary to do so, so its resources are now being concentrated on projects that are beyond the scope of private enterprise.

Project Leste on the banks

of the River Tiete, 28 miles from the centre of São Paulo, is the first such administrative complex planned under by, so demand for labour will be adequate. If the go-ahead is given fairly soon, the project could be completed within five years.

Project Leste will provide housing for 250,000 people, equivalent to less than half the annual growth of the São Paulo area, now increasing by about 600,000 inhabitants a year. In 1975 alone, 8,000 new homes will be needed; 485,000 by 1980.

It is recognized that radical measures are needed if land speculation is to be controlled and the capital tied up released for more productive use in industry or agriculture. An attempt to attack the problem by increasing rates is being studied. This would encourage owners to dispose of idle or under-used land or property. A property worth \$58,000 may now pay as little as £90 annual rates.

It is hoped that in a situation of surplus, land prices could be stabilized, benefiting both private individuals and the municipality, which at present has to pay heavy compensation for land required for road building and other works. There is clearly a large gap between planning such a scheme and putting it into practice.

Finance flows into real estate for the good reason that land and property are the only secure places for it in time of inflation, which is the norm in Brazil. Other equally secure and profitable investments would have to be available if such a plan were to have a chance of acceptance and success.

In this situation Brazil's housing bank, the BNH, now 10 years old and the second largest financial institution in the country, has been unable to cater for other than middle income groups and has not met the needs of people earning less than three times the minimum wage, roughly £70 a month.

In an attempt to broaden its scope, the BNH launched the popular housing plan, Planhap, in 1971. Planhap aims to provide loans for low-income earners at interest rates ranging from 1 per cent to 6 per cent, subsidized by wealthier borrowers who pay up to 10 per cent for their money.

Seven million small savers

Some 600,000 homes will be built in the São Paulo area under this scheme in the next 10 years. It is not part of the BNH philosophy to build property for rent. BNH officials feel that the average Brazilian wants to own his own home and they want to encourage him to do so.

The bank now has some seven million small savings accounts and is proud to see itself encouraging a savings mentality in Brazil. Its main source of funds continues to be the 8 per cent levy on employees' salaries paid by all employers into the workers' unemployment indemnity fund, money that will be used to provide pensions later.

BNH has financed the building of about a million dwellings, mainly flats, in its 10 years of existence. But today less than a third of its funds are used to finance housing. More money is now devoted to sewerage, water supply and other infrastructure works and urban mass transport, such as the Rio de Janeiro and São Paulo Metros, for which the BNH is providing a large proportion of the finance.

The census established that there were 13,500,000 dwellers in Brazil, but that half of them lacked water, drains and electricity. It was decided, therefore, that the BNH, through a subsidiary scheme, Planasa, should use funds to raise standards. The target is for 8 per cent of homes to have these services by 1980.

P.K.



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Because of dearer fuel, Brazilian planners have had a second think about communications and there has been a change of emphasis towards improving the country's fairly small rail network. This will be able to make use of the sizable hydroelectric resources. There will be enormous growth in the movement of oil, petrochemicals, fertilizer, cement and bauxite. Shipping fleets are being expanded to handle increasing trade

Massive new rail line will speed exports and usher in an age of expansion

by Patrick Knight

A second railway age is about to begin in Brazil. A total of 54,300 km is to be invested in an immense expansion and improvement plan which will push up tonnage carried from 80 million in 1973 to 260 million by 1980.

In decline for 30 years, Brazil's railways now move only 16.2 per cent of all freight, compared with 50 per cent in many European countries. Seventy projects are envisaged, involving laying 3,500 km of new track, modernizing 10,500 km, building or acquiring 300 locomotives, 20,000 freight trucks, 70 passenger train units and 140 passenger coaches.

Lines will be electrified, initially 1,439 km, where ever traffic density justifies it, while it is planned gradually to standardize at a gauge of 1.60 metres. At the moment 1,300 km are of this gauge, but all the new lines will be built to 1.60 metres and a further 3,200 km of track modified under the four-year plan.

Central to the plan and absorbing a third of the funds will be the steel line, an 830 km high-speed electrified line linking the mineral exporting state of Minas Gerais, the steel town of Volta Redonda and the industrial centre of Sao Paulo. Due to be completed by the end of 1978, construction will involve the cutting of 120 km of tunnels at a rate of 4 km a month and the building of 70 km of viaducts and bridges.

The line will have a maximum gradient of 1 per cent and wide radius curves to permit trains to run at up to 130 km an hour. By

1979 the Belo Horizonte to Sao Paulo journey should take six hours where, at the moment, it takes 40 hours.

Although much of the rolling stock will be built in Brazil, orders have already been placed for 195 diesel electric locomotives in the United States, and it will not be possible for Brazil to manufacture the 1,500,000 tons of rails, the tunnelling, signalling, electrification and maintenance equipment in time, so there are opportunities for exporters. The size of the building programme is such, however, that by the time construction is complete, Brazil will have an excess of capacity and be a new competitor in search of markets.

Closures of lines with no prospect of profitability will affect 8,790 km of the present total of 30,294 km, while staff will be cut from 114,000 to 106,000 by 1980.

The switch in emphasis to rail from the dominant road sector has been brought about by the implications of the new stage of development beginning in Brazil. Her heavy industrial base is being built up, served notably by the steel expansion programme, which will increase production from the present eight million tons to 32 million tons by 1980. There will be immense growth in the movement of other bulk products, notably oil, petrochemicals, fertilizer, cement and bauxite as well as increased quantities of agricultural products.

Brazil's rail programme will by no means mean an end of road building, but the tonnage now involved—to make a ton of steel three to four tons of raw materials are needed—makes rail the only viable means of transport. Plans were conceived

before the oil crisis, but have received added impetus because of it and it is unlikely that the prospect of Brazil becoming self-sufficient in oil soon will modify the plans or the decision to electrify.

Passenger capacity will be increased and efforts made to encourage use of the services. At the moment other than for journeys to work in the biggest cities, Brazilians hardly think of rail as a means of travel. Few medium or long distance journeys are made by train. Urban lines will be modernized, with a planned movement of 396 million passengers by 1980, compared with 258 million now.

16,000 passengers an hour

The Sao Paulo State Railways, the only major system independent of the federal network, now carries 16,000 passengers an hour at rush periods and plans to carry 55,000 by 1980, with new inter-city routes established.

Emphasis remains predominantly within the Rio de Janeiro, Sao Paulo, Belo Horizonte, Victoria area. The zone which carried 74 per cent of traffic in 1973 will carry 80 per cent by 1980. There are schemes in other areas, notably the 700 km line linking the Serra de Carajas and the new Port of Itaqué. A total of 25 million tons of ore will be carried by 1980.

Other lines associated with the export corridors programme will be laid or improved to the new super-port of Rio Grande, to

Paranaguá, in Parana State, while São Sebastião, north of Santos, at present an oil port, may be developed for other bulk traffic.

In the north-east, lines to Maracão, Recife and in the Salvador area will be built or improved to cope with fertilizer, petrochemicals, and sugar terminal projects.

The problems of the São Paulo to Santos cog and gear system have still not been solved, and constructor's trials continue long after the line should have been in full operation. The precariousness of the situation was illustrated in late November, when the old cable system was out of action for a couple of days after an accident and 1,200 trucks had to be bired to shift the rapidly-accumulating freight. By chance, the accident occurred when there were lorries available: usually there is a shortage.

A key part of the expansion project is to recruit and train a far higher standard of staff than the present low-prestige system attracts and carry out a complete reorganization. It is recognized that without the proper administrative structure, the best engineered railway in the world cannot function efficiently.

An aggressive sales policy is envisaged and regional boards could include representatives of major users. Pricing is vital. At the moment Brazil's railways only earn 60 per cent of operating costs from revenues.

Demand by industry for an adequate railway system is strong, and planners are confident that when construction is completed, Brazil's railways will once again carry 35 to 40 per cent of the nation's freight.

Contracts signed for 45 new ships worth £250m

by Christopher Hayman editor, Seatrade

November 27 was an important day for Paulo Ferraz, chairman of the Companhia Comercio e Navegacao of Brazil. On that day he signed contracts for 45 ships, worth £250m, enough to give his shipyard virtually full employment from now until the beginning of 1980.

This package of ships, embracing three different designs and formidable by any standards, is entirely for Brazilian shipowners and represents CCN's allocation under the nation's latest shipbuilding plan: an ambitious undertaking which will add 150 ships to Brazil's merchant fleet, 95 per cent of them built in Brazilian yards.

Though the shipbuilding plan was announced several months ago, only a few of the contracts as yet have been finally agreed from a list which provides a successful blending of the domestic shipowners' needs and the capabilities of the yards. So far, apart from the CCN contracts, Ishikawajima Harima Heavy Industries Co. of Japan has signed contracts to build very large crude carriers (VLCCs) for Petrobras, the state oil company, and that is all. However, the Government has indicated its intention of seeing the remainder of the contracts signed by the end of the year.

As Senhor Ferraz points out, the present fleet expansion plan is the most elaborate so far tackled by Brazil. In 1967 when the private shipowners were first given the opportunity to move out of their traditional role in the coastal trades and into international shipping, a scheme was launched for the construction of 24 ships of 12,000 tons for general cargo and 11 units of 5,100 tons for the coastal trades.

The whole programme amounted to 345,000 tons.

Because of the excellent results achieved, the Government decided to embark upon a second construction programme for the 1971-74 period, involving 1,600,000 tons of shipping, including general cargo ships, reefers and bulk carriers. A further 200,000 tons was added six months later. It is against this background that the latest programme for 1975-79, with the second national development plan, will be launched.

Clearly this will not leave much spare capacity in the yards for export building. CCN will be producing ships at the rate of 12 a year, so that over the four years there will be about three berths available for any interested foreign buyer. But as Senhor Ferraz says, it is important for the yards to develop ties overseas. The expansion of the domestic fleet will not go on for ever and a time will come when the yards, now investing quite heavily in new facilities to cope with the demands of their forthcoming domestic orders, will have to look outside the country for a steady supply of work.

CCN already has experience in building for Greek, West German and Chilean owners.

The problem about exporting yards is that the Brazilian yards, whether CCN, Isibras, Emao, Caneco, Verolme Estaleiros Reunidos or Estaleiros SO, are all building ships at prices which are above, sometimes as much as 30 per cent above, the international price. A relatively high proportion of the components needed for the vessels has to be imported and some of the yards have not yet fine-tuned their production techniques to the optimum commercial level.

So far the Government has provided an attractive incentive scheme for export building, paying a differential subsidy to the builder enabling him to quote international prices for his ships. Finance is available to the foreign shipowner to the tune of 80 per cent of the actual price through Casex, the export agency of the Bank of Brazil, repayable over 15 years at an attractive rate. The builder also gets a number of tax credits and exemptions for an export ship.



Senhor Ferraz, chairman of Companhia Comercio e Navegacao in front of an SD14 general cargo vessel under construction at a yard in Rio de Janeiro.

The Government is unlikely to continue this level of support for an unlimited period. But obviously Brazilian shipbuilders are determined to achieve a situation in which they will build ships at prices which are competitive in a world context.

One way of doing this is to concentrate on series production of a few designs. CCN will build over the next four years and in series 29 SD14 general cargo ships (under licence from Austin & Pickersgill, of the United Kingdom), 10 Princesa 121 multipurpose cargo ships and 16 PRI-26/15 bulk carriers.

Another way is to reduce the amount of imported components used in the vessels. Much of the steel at present used in shipbuilding to Brazil is imported—CCN has contracts with the British Steel Corporation—but already a number of big items are manufactured in Brazil under licence. These include main engines and propellers. In August, a plant which will build Stoomotoren propellers under licence was opened by Princess Alexandra near Rio de Janeiro. In these ways, Brazilian builders feel they can do a great deal to bring their prices into line with the international level.

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There's a lot of competition in the world. The competition here is fierce too. The only way you can be sure to get to the top is to be the best. We're the best in the world. We're the only airline in the world that flies to Copacabana. We're the only airline in the world that flies to Rio de Janeiro. We're the only airline in the world that flies to Sao Paulo. We're the only airline in the world that flies to Belo Horizonte. We're the only airline in the world that flies to Victoria. We're the only airline in the world that flies to Curitiba. We're the only airline in the world that flies to Brasilia. We're the only airline in the world that flies to Manaus. We're the only airline in the world that flies to Fortaleza. We're the only airline in the world that flies to Recife. We're the only airline in the world that flies to Salvador. We're the only airline in the world that flies to Maracão. We're the only airline in the world that flies to Maracão. We're the only airline in the world that flies to Maracão.



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New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

PHOLDING THE LAW

Home Secretary has very early declined to intervene in case of the Sbrewsbury...

in his way, Mr Jenkins has spanned his decision with a statement of the principles...

Eric Tomlinson and Mr Warren are in jail serving terms of two years and three respectively...

was at each site a terrifying sight by pickets of force and once actually committed or threatened against buildings...

FEARS OF INDIA'S NORTHERN NEIGHBOURS

King of Bhutan will be apprehensive during his current visit to New Delhi...

Such arguments are not likely to allay fears in either Bhutan or Nepal...

NGER STRIKE IN GERMAN PRISONS

German authorities are being troubled by a problem which is wholly unrecognizable in British counterparts...

subjected to "torture" by a "fascist state". When they try to associate themselves with prisoners of conscience...

But let them accept that no royalty doth hedge a bishop. Yours faithfully, BARNEY TRENCH...

made. Persons working on the sites and residents near by were out in fear.

The grounds which are being put forward for clemency are of two kinds. It is being said that for various reasons there has been, if not a miscarriage, a misapplication of justice...

There is a fairly general uneasiness about the way conspiracy charges have been introduced and framed in recent years—an uneasiness, as it happens, which is shared by the Home Secretary...

Because the Indian influence had been the stronger in the country when the process began, Nepal's leaning towards China to right the balance seemed the more deliberate and therefore suspect in Indian eyes...

It is true that where some indeterminacy of national status exists a conflict can easily arise. In the past two decades, for example, Nepal has been trying to acquire the status of a buffer state between China and India.

In some prisons the degree of isolation was excessive and subjected prisoners to severe nervous strain. These conditions have now been ameliorated and most prisoners have radios, books, streams of visitors...

Their hunger strike adds another dimension to the problem. Should the authorities give in, in order to avert revenge killings or in order to ensure that the accused remain alive to stand trial?

From Dr Eliezer Yappi. Sir, I would like to clarify the issues raised in Mr Koffler's letter (December 16) concerning Unesco and Israel.

Exception is also taken to the explicitly deterrent nature of the sentences. There is almost always room for argument about the appropriateness of any length of sentence...

But it is the "trade unionists in jail" exclamation that has put steam behind the campaign of the TUC and some Labour politicians to have the men released.

They are not in jail for picketing, but for their connexion with picketing with violence and menaces. If the trade union movement collectively allows it to be supposed that it approves of that kind of conduct...

It is a pity that the zeal shown by Unesco officials in defending the votes of its General Council members was not evident when desecration of holy places occurred in Jerusalem during Arab riots...

Westminster Cathedral choir. From Miss Janet Baker and others. Sir, It has lately become known that the choir of Westminster Cathedral is in danger of dissolution...

Capital transfer tax. From Professor Sir Eric Scowen. Sir, There is an urgent need for all charities to endeavour to persuade the Chancellor of the Exchequer to abandon his proposal in the Finance Bill to introduce a tax on gifts to charity where the donor survives for one year.

Queen's English. From Mr R. P. H. Green. Sir, It is rather pessimistic of Mr Millett (December 12) to say that "Englishmen are seldom sufficiently fluent to select the apt noun in time to determine the correct pronunciation of its definite article when they utter it".

From Mr Douglas Hurd, Conservative MP for Oxford, Mid, and Mr Nigel Lawson, Conservative MP for Babby. Sir, The authors have made their case over and over again, and we are convinced. They are mahrated. They deserve to be rewarded when people borrow their books from public libraries.

Unesco's work and Israel

From Dr Eliezer Yappi. Sir, I would like to clarify the issues raised in Mr Koffler's letter (December 16) concerning Unesco and Israel.

The proceedings at the conference were very well reported in The Times on December 6, when your correspondent wrote: "It is not enough for Unesco officials to argue that Israel can still stand on an observer basis in the past. Israel has been discriminated against and only a revision of attitudes... will undo this wrong."

It is also apparent that the proposed right could not, in equity, be limited to books but would also in principle apply to non-book materials including sound recordings, printed music, video recordings, and artistic works.

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Public lending right should be financed by a charge on each book borrowed. This would be true at any time. It is the more necessary now when the schools, hospitals and social services are competing desperately for scarce public funds.

From Mr Michael Sherbourne. Sir, On December 14 you published an unsigned article in which the Soviet news agency Novosti on the trial of Dr Mikhail Shtern. You go on to say that "the veracity of this report cannot be checked".

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LETTERS TO THE EDITOR

Basis for public lending right

From the Secretary of the Library Association. Sir, Your leader of December 12 rightly emphasizes the need to have regard to principle in framing legislation to introduce a public lending right.

It was also apparent that the proposed right could not, in equity, be limited to books but would also in principle apply to non-book materials including sound recordings, printed music, video recordings, and artistic works.

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Export market for bloodstock

From Lieutenant Colonel R. H. W. S. Hastings. Sir, In the past few days we have been told of the parlous state of Britain's balance of payments...

From Mr Alan Brownjohn. Sir, At this stage in the long battle for public lending right, with legislation firmly promised and only the form of the scheme awaiting decision...

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ps and terrorism. From Barney Trench. Sir, Your editorial "bishops and..." (December 10) fails to touch the fundamental point. The state body politic, the Church is not though the twin shall be a distinction is important.

office any more than a religion is voted in by the electorate. In their public actions they are as answerable to the state, at least under Western models, as any private citizen, as Henry VIII made rather violently clear.

But let them accept that no royalty doth hedge a bishop. Yours faithfully, BARNEY TRENCH, Commission of the European Communities, Directorate-General for Development and Cooperation, Rue de la Loi 200, Brussels, December 10.

From Mr Douglas Hurd, Conservative MP for Oxford, Mid, and Mr Nigel Lawson, Conservative MP for Babby. Sir, The authors have made their case over and over again, and we are convinced. They are mahrated. They deserve to be rewarded when people borrow their books from public libraries.

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COURT CIRCULAR

BUCKINGHAM PALACE December 19: His Excellency Señor Don Manuel Escalante-Durán and Señora de Escalante-Durán were received in farewell audience by the Queen this morning and took leave upon His Excellency relinquishing his appointment as Ambassador Extraordinary and Plenipotentiary from the Republic of Costa Rica to the Court of St James's.

appointment as Ambassador Extraordinary and Plenipotentiary from Austria to the Court of St James's. The Duke of Edinburgh, as President of the National Playing Fields Association, this evening attended the World Premiere of the film The Man with the Golden Gun, at the Odeon, Leicester Square, in aid of the National Playing Fields Association, the Stars Organisation for Spastics and the Variety Club Heart Fund. Lord Rupert Nevill was in attendance.

KENSINGTON PALACE December 19: The Princess Margaret, Countess of Snowdon was present this afternoon at a Gala Matinee of Hans Christian Andersen held at the London Palladium in aid of Jewish Child's Day and the Invalid Children's Aid Association, of which Her Royal Highness is President. Mrs Robin Benson was in attendance.

THATCHED HOUSE LODGE RICHMOND PARK December 19: Princess Alexandra, Vice-President of the British Red Cross Society, was present at the Meeting of the Council held this morning at the National Headquarters.

The Lady Mary Fitzalan-Howard was in attendance. The Duke of Kent has been appointed by the Queen to be president of the Imperial War Museum in succession to the late Duke of Gloucester.

The Archbishop of Canterbury and Mrs Cogan regret that, because of their imminent move from York, they are not able to send their usual Christmas cards. They wish all their friends a very happy Christmas.

A memorial service for Mr Cyril Donnelly will be held at St Mary-le-Strand, WC2, at noon today.

Mrs Reynolds Veitch is not sending Christmas cards because of illness but sends her friends all best wishes.

Circuit judges Mr J. R. McGregor, Mr R. J. H. Collinson and Mr George Milner are to be made circuit judges for the Midlands and Oxford, and Northern, and North-eastern circuits respectively.

25 years ago From The Times of Tuesday, December 20, 1949

City garlands A somewhat falsetto company assembled at the sign of the Tiger, Tower Hill, yesterday, when the Lord Mayor of London, Sir Frederick Rowland, revived the medieval custom of hanging an ale garland and told how the garland had been associated for 600 years with the English inn as a symbol of festivity, hospitality, and good fellowship.

Tiger, a tavern established in 1500, facing the main gates of the Tower of London, not only was the ale garland hung but the ritual of ale conning was revived "to signify to all and sundry not only that the good ale is warranted as to quality by certain infallible tests applied by the City's ale conners, but that the citizens of London, one and all, proclaim their defiance of the rigorous and vexatious of the times and their will to stand fast for the upholding of the night, the night, and the weal of this Realm".

Forthcoming marriages

Mr C. C. Nicholson and Mrs N. H. Anstruther-Gough-Calthorpe The engagement is announced between Charles, elder son of Sir John and Lady Nicholson, of Mortonside Manor, Isle of Wight, and Marie, widow of Niall Anstruther-Gough-Calthorpe, and daughter of Mr and Mrs Stuart Don, of 1 Hyde Park Street, London W1.

Mr T. C. S. Bonas and Miss J. A. Graham The engagement is announced between Tom, son of Mr and Mrs D. Bonas, of Alder Road, Barnes, and Julia, daughter of Mr and Mrs R. O. Graham, of Stretton on Fosse, Gloucestershire.

Captain P. T. Fletcher and Miss A. E. Fulford The engagement is announced between Captain Peter Fletcher, The Life Guards, son of Mr and Mrs B. Fletcher, of Wood Lodge, Scarcroft, near Leeds, and Angela, daughter of the late Lieutenant Colonel F. E. A. Fulford and of Mrs Fulford, Fulford, Dumford, Devon, Exeter.

Mr J. J. Foreman and Miss E. Harvey The engagement is announced between John Foreman, of 33 rue Bragance, Luxembourg, son of the late Mrs Lillian Foreman, and Mrs James Foreman, of Enfield, Middlesex, and Elizabeth Harvey, of 16 rue N. St. Pierre, Luxembourg, younger daughter of Mr and Mrs Dudley Harvey, of Penn, Buckinghamshire.

Mr P. S. Harford and Miss P. J. Burnett The engagement is announced between Peter Harford, of 11 Windsor Court, Clifton, Bristol, and Jane, only daughter of Mr and Mrs J. Burnett, of 14 Darnley Road, Weymouth, Dorset.

Captain J. R. Harrison, RE and Miss S. A. Gregory The engagement is announced between Jeremy, only son of Mr C. W. Harrison, of 70 Dorset Road, Wimbledon, SW15, and Sally, youngest daughter of Mr and Mrs H. Gregory, 3 Maxwellton Drive, Hastings Bay, Auckland, New Zealand.

Mr W. J. Hogg and Miss A. G. Hepburn The engagement is announced between William John, son of Mr and Mrs Peter Hogg, of Sevenoaks, Kent, and Anna Grace, eldest daughter of Dr and Mrs Thomas Hepburn, of Dunkeld, Perthshire.

Mr J. R. M. Howe and Miss M. P. M. E. Howard The engagement is announced between John, only son of Lieutenant-Commander R. M. Howe, of 10 Elmwood, Clonsilla, Co. Wick, and Madeleine, daughter of Mr and Mrs Antony Howard, of 25 Turbot Square, London, SW7.

Mr K. I. Meldrum and Miss E. H. Mayo The engagement is announced between Kim, only son of the late Dr K. I. Meldrum and Mrs Meldrum, of Grange over Sands, and Elizabeth Helen, daughter of Dr and Mrs F. C. Mayo, of Welburn, York.

Mr J. Morton and Miss M. M. Merrick The engagement is announced between John, elder son of the late W. L. Morton, OBE, and Mrs D. E. Bates, of Malta, and Jane, daughter of Lieutenant Colonel and Mrs R. C. Merrick, Clarendon, Ballymore, Co. Antrim.

Dr D. J. Moul and Dr C. de H. Greenwood The engagement is announced between Dennis, only son of the late Dr D. J. Moul and Mrs Moul, of Putney, London, and Carolyn, only daughter of Mr and Mrs G. C. Greenwood, of Johannesburg, South Africa.

Mr D. G. Pumphrey and Miss A. J. Berkeley The marriage has been arranged and will shortly take place between David Geraint, elder son of Mr and Mrs W. I. Pumphrey, of Porthscatho, Cornwall, and Anthea Jill, daughter of Mr and Mrs S. L. Berkeley, of Henley-on-Thames.

Mr M. E. Scott and Miss T. I. I. Jones The engagement is announced between Michael, younger son of Mr and Mrs J. B. Scott, of Oaklands Park Hotel, Weybridge, Surrey, and Tetyana, daughter of Mr and Mrs G. H. I. Jones, of 35 East Stratton, Winchester, Hampshire.

Mr J. D. Spencely and Miss M. A. Read The engagement is announced between John Despense Spencely, son of Mr and Mrs H. G. C. Spencely, of Westham, Kent, and Marilyn Anne Read, daughter of Mr and Mrs P. Read, of Walsall, Staffordshire.

Signor L. E. Trizini and Miss E. F. Hesketh-Jones The engagement is announced between Leonardo Rameri, fourth son of the late Dr P. A. Trizini and Donna Carla Trizini, of 34 Via Degli Orsini, Rome, and Heather Frances, only daughter of Mr and Mrs R. C. Hesketh-Jones, of 115 Castellan, London, SW13.

Mr J. W. Wilson and Miss S. J. Coomes The engagement is announced between John Warden Wilson and Simone Jennifer Coomes, both of Canonbury, London, N1.

Mr K. L. York and Miss S. J. Stevens The engagement is announced between Christopher Lefroy, only son of Mr George L. York, of Reigate, Surrey, and of Mrs Margaret H. York, of West Ashling, Sussex, and Sarah Jane, younger daughter of Lieutenant Colonel and Mrs Mo Stevens, of Old Amersham, Buckinghamshire.



Earl Mountbatten of Burma with Mr John Doubleday, the sculptor, and the bust which was presented to him at HMS Mercury, near Petersfield, Hampshire, yesterday, to honour his 50 years' service in naval communications.

Luncheon

Corporation of London The Corporation of London gave a luncheon at the Mansion House yesterday on the occasion of the visit of the Prime Minister of Australia, Mr Gough Whitlam. The Lord Mayor, accompanied by Mr Sheriff Hugh Olson, received the guests.

Dinners The Prime Minister and Mrs Wilson were hosts at a dinner at 10 Downing Street yesterday in honour of the Prime Minister of Australia, Mr Gough Whitlam. The other guests were: Miss Kathy Whittam, Mr and Mrs John Whittam, Mr and Mrs John Whittam, Mr and Mrs John Whittam, Mr and Mrs John Whittam, Mr and Mrs John Whittam.

Turners' Company The Lord Mayor and Sheriffs were guests of honour at a lively dinner, held in the Apothecaries' Hall in the City yesterday, in honour of the Master and Wardens of the Company of Turners. The Master presided and proposed the civic toast, to which the Lord Mayor replied. Other speakers were the Master of Carpenters' Company and the Upper Warden.

Marriages Mr J. Langton-Lockton and Lady Emma Howard The marriage took place on December 14 at Lanerost Priory, Cumberland, between Mr and Mrs Langton-Lockton and Lady Emma Howard.

Mr J. S. Coorah and Mrs H. Palmer The marriage took place in London on December 19, 1974, between Mr Jeffrey Coorah, son of Mr and Mrs J. S. Coorah, and Mrs H. Palmer, daughter of Mr and Mrs Ernest Stasiy.

Mr R. G. Hawksley and Miss A. V. S. Durand The marriage took place yesterday at the Temple, London, E.C.A., between Mr Richard George Hawksley, son of the late Mr R. G. Hawksley and Mrs Hawksley, of Devonshire Close, Exeter, and Miss Angela Victoria Susan Durand, daughter of Mr Victor Durand, QC, and Mrs Durand, of the Temple, London, E.C.A.

Mr J. C. Stickings and Miss J. Ibbott The marriage took place on Thursday, December 19, at Harrow, Middlesex, of Mr Jeremy Charles Stickings, elder son of Mrs Agnes Stickings and the late Dr C. Ewart Stickings, of Harrow, and Miss Jeanie Ibbott, daughter of Mr and Mrs Denis L. Ibbott, of Stanmore.

Latest appointments Latest appointments include: John Heman to succeed Sir Laurence Kirwan as director and secretary of the Royal Geographical Society on Sir Laurence's retirement next June.

Baron Home of the Hirsel The life barony conferred on Sir Alec Douglas-Home has been gazetted by the name, style and title of Baron Home of the Hirsel, of Colchester, in the county of Berwick.

Birthdays today Sir George Coldstream, QC, 67; Sir Geoffrey Howe, QC, MP, 48; Sir Geoffrey Kitchin, 68; Sir John Lang, 78; Sir Robert Menzies, 80; Sir Clifford Neuman Morgan, 73; Sir Morien Morgan, 62; Viscount Sandon, 52; Sir Dick White, 68.

University news New principal of London University Dr Francis Wilson, Warden of Goldsmiths' College, London, is to be the next principal of London University. He will succeed Sir Douglas Logan, who retired in September after 27 years. Dr Wilson, aged 50, took up his appointment at Goldsmiths at the beginning of this term.

Imperial College Dr L. R. Howard Foundation: £150,000 for new laboratory for physical chemistry; £100,000 for the provision of Dr C. G. Caro. From the Wilson Foundation: £100,000 for research into extraction and re-formation of metals from low-grade sources (Dr D. Inman and Dr G. A. Rogers); £50,000 for research into advanced materials technology (Lundell); £25,000 for upgrading the film analysis computer (£164,845 for polymer science, engineering and process technology (Dr R. P. Fennell); mechanical engineering (£20,000 for research into the use of interactive computer

Latest wills Duke of Roxburghe leaves £2,582,394 The ninth Duke of Roxburghe left £2,582,394 to the trustees of the Lord Bowman trust, which holds the family estates on his thirtieth birthday and the income from them when he is 21, in about a year's time. Other estates include (net, before duty): further duty may be payable on some estates). Griffith, Mr Thomas Ernest Alexander, of Fitley, Yorkshire (duty paid, £42,517) £106,714. McFadyen, Sir Andrew, of St John's Wood, London (duty paid, £74,978). Wakefield, Mr Ernest Thomas, of Worcester (duty paid, £35,433). Wickham, Mr George Henry of Longwick, Buckinghamshire (duty paid, £5,638) £139,521. Wilkinson, Violet Appin, of Nott Hill, London (duty paid, £28,823) £95,105.

OBITUARY

MR THOMAS JAMIESON

International refugee work

Mr Thomas Jamieson, CBE, one of the best-known figures in postwar international refugee work, died in Geneva on December 18, aged 63. "Jamie" was known to everyone, served from 1959 until his retirement in 1972 as director of operations for the United Nations High Commission for Refugees (UNHCR). After that he acted as a senior adviser on special operations, his last assignment being as head of the unit coordinating the main relief and repatriation programme in south Sudan in 1972-73.

Under this, about 180,000 Sudanese refugees were repatriated from neighbouring countries and a start was made on reconstruction work after 17 years of civil strife. For this, Jamieson had conferred on him in 1971 after UNHCR appointed as "focal point" the United Nations emergency relief operation on behalf of millions of Bengali refugees.

He was born and educated in Glasgow. His interest in refugee problems, he said earlier this year, dated from the period during the Second World War, when he was national youth secretary of the Scottish YMCA in Edinburgh.

In 1945, he joined the United Nations Relief and Rehabilitation Administration (UNRRA) in Germany, continuing with its successor body, the International Refugee Organization. In 1952, he was appointed joint representative of UNHCR and ICEM (Inter-Governmental Committee for

SENATOR WILFRED KRICHEFSKI

Mr Arthur Bottomley writes: The death on December 12 of Senator Wilfrid Krichiefski, OBE, is a great loss not only to the Jersey State where he served continuously since 1945, first as a deputy and then as a senator, but also to the Commonwealth.

He was president successively of the Department of Agriculture, Tourism, Harbours and Airport, Defence and, finally, Postal Administration. He was in a very real sense the island legislature's senior member.

He had travelled widely and was a well known and much loved personality. He rendered

signal service to the Cenn wealth Parliamentary Assn tion both as a vice-president of the Jersey branch, and a councillor for the United Kingdom and Mediterranean Regions. He attended five Cenn wealth Parliamentary Conferences and, earlier this year, he was also president of the association's active committee in West Samoa. He was very distinct in person and remarkable in his warm and affable nature and will be remembered by many Commonwealth parliaments and countries as a firm and wise counsellor.

DR A. G. ROBIETTE SIR MORRIS FINER Mr J. O. Hitchcock writes:— Dr Robiette, who died on December 4, was one of the country's outstanding metallurgists. His contribution to the science of electric melting and electric smelting over many years, largely in a consulting capacity, has been recognized throughout the world. He first published the standard book on Electric Melting Practice in 1935, it was brought up to date in 1955 and in 1972-73 was reissued in two volumes, one dealing with electric melting and one with electric smelting.

Among the inventions with which he was associated were the process, now universally adopted, for the production of malleable cast iron in controlled atmospheres, advanced techniques for ferro-chromium production and many processes related to the heat-treatment of metals.

Dr Robiette graduated from Swansea University, and later was awarded a DSc for his work on electric furnaces. He was a man of tremendous energy and enthusiasm in everything he undertook and he leaves many admiring friends and colleagues both in his country and overseas. He is survived by his widow, Kathleen, and two sons.

DOWAGER LADY ST DAVIDS The Dowager Viscountess St Davids, widow of the first Viscount St Davids, PC, GBE, sometime MP for Lanark and Perthshire, died on December 12 at the age of 90.

She was the second daughter and co-heiress of Major the Hon Paulyn Francis Cuthbert Rawdon-Hastings, and she married Lord St Davids as his second wife in 1916. He died in 1936. In 1921 the abeyance in the baronies is her son, Viscount St Davids.

Professor Philip Leon, Emeritus Professor of Classics, University of Leicester, has died at the age of 79.

Mrw Keith Robertson Oakeshott, CMG, from 1971 Assistant Under-Secretary of State, Foreign and Commonwealth Office, died on Sunday. He was 54.

Sir Fred Hutty, former Mayor of Wexley and chairman of Wallacey Education Committee 1955-65 and 1967-72, died on Saturday. He was 71.

Lady Bullock, widow of Christopher Bullock, formerly Permanent Secretary of the Air Council, died on December 17 at the age of 81. She was Barbara May, daughter of Henry Lupton, and she married in 1917. Her husband died in 1972.

Today's engagements Exhibition: Winslow Homer, watercolours and drawings, Victoria and Albert Museum, Cromwell Road, at 11.00. The Queen's Life Guard mounting ceremony, Horse Guards, Whitehall, 11. Department of Employment carol service, St James's, Piccadilly, 1.15.

Latest pamphlets English Church Music 1974. The need for creativity in church music is discussed in one of the articles in the latest edition of this annual publication, prepared by Rev. Professor of Music at Birmingham University, says the introductory pages of hymnals may name editors or composers, but the real choices have been made by the users of church music, the vast majority of whom could give no artistic reasons why a particular hymn tune is a better choice than another. That if there is a shortage of tenors in a choir, a alto, viola or clarinet could be substituted for an electric bass guitar used if there is no proficient church organist. Hymns, he says, can be wonderfully enhanced by instrumental parts.

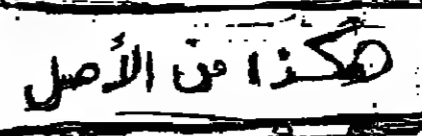
Many schools have bands, but in the post-school period much talent goes unutilized through lack of opportunity. Why not use this talent by creating church bands or orchestras? he argues. His views may not be acceptable to traditionalists but his suggestions provide much food for thought. Royal School of Church Music, Palace, Croydon, £1.22 (post free).

Giorgione, by Ellis Waterhouse. The Scepter's Workshop, by Rudolf Wittkower. The books are reprints of W. A. Carrigan's lectures in fine art given at Glasgow University. Each book costs 30p. The text is in the margins; so it would be advisable to have reference books handy in order to follow precise points. Giorgione is a study of an artist whose reputation was established during the last four years of his life; he was not much more than 30 when he died and it was just at

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Shah of Iran says oil producers will retaliate if gold is revalued by west

Tehran, Thursday.—The Shah of Iran said today an upward revaluation of gold holdings by western powers could end the nine-month freeze in oil prices and bring about the collapse of the whole monetary system.

Higher export prices undermine UK trade

Melvin Westlake, economics Staff. Inflation in Britain is pushing up export prices at an alarmingly fast rate, but the volume of goods sold overseas is falling at an even more rapid pace.

Table with columns: Year, Terms of Trade, 1970=100, 1974=100. Rows include 1971, 1972, 1973, 1974 Q1-Q4, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

New tariffs will boost BSC income by £300m

By Peter Hill. Price increases which will boost the British Steel Corporation's income by about £300m or 20 per cent will be implemented on January 2.

Government controls on wholesale bread price

By Hugh Clayton. The Government took action last night to extend its controls on bread to wholesale prices. It admitted this would probably cut a much larger year as they have been in 1974.

State to take 30pc stake in oilfield if development financing fails

By Roger Vielvoe. If two small companies fail to raise their £70m share of the development costs of the Thistle North Sea oilfield the Government will take over their 30 per cent stake.

Kwik Save ex-chairman criticized

By Margaret Drummond. Inspectors appointed by the Department of Trade to investigate the Kwik Save group's sale of a key stake in Kwik Save prior to his surprise departure to New Zealand last year found the suggestion that Mr Gubay was unaware of any obligation under the Companies Act to notify the company of such a transaction.

EEC ministers back Healey oil dollars plan

From Roger Berthoud, Brussels, Dec 19. Following a long and arduous process, the finance ministers of the Nine today plumped for the IMF as the prime vehicle for recycling surplus petrodollars.

Fibreglass to build £19m Welsh plant

By Edward Townsend. Fibreglass, subsidiary of the Pilkington glass group, is to build a £19m plant in South Wales, but the development will result in the loss of more than 200 Pilkington jobs in the area.

EEC plan to fund nuclear stations

Brussels, Dec 19.—A scheme to borrow up to 500m units of account (about £190m) to help finance nuclear power stations in the EEC is to be put to the nine member governments. The plan was put up by the 13-man executive commission.

\$100m Chile settlement

Santiago, Dec 19.—Chile, it was reported yesterday, was ready to pay International Telephone and Telegraph Corporation some \$100m (about £43m) for its expropriated investments in the country's most important telephone utility.

Bonn cuts Lombard rate

Frankfurt, Dec 19.—West German Bank and Lombard rates will be lowered one half point to six per cent and eight per cent respectively from today, the Federal bank announced.

Industry cuts back on Christmas parties

By Patricia Tisdall. The entertainment trade is suffering from cutbacks and cancellations as an increasing number of firms economize on their Christmas hospitality budgets.

Unigate's £7.8m half time profit

Half time figures from Unigate were much in line with market expectations, with pre-tax profits at £7.8m as against £8.5m after taking a much increased credit on the adjustment of milk margins of previous years.

Dispute stops release of employment figures

Because of industrial action in local offices of the Employment Service Agency, figures for employment for December were not available yesterday as scheduled.

Benn aid to IPD may spark big row

by Malcolm Brown. A political row is expected to erupt today over the proposal by Mr Benn Secretary of State for Industry to offer £3.9m aid to the IPD (Industrial) cooperative, the group set up to save 1,200 jobs at the IPD factory at Kirby on Merseyside.

How the markets moved

Table showing market movements for various indices and currencies. Includes sections for 'Rises', 'Falls', 'THE POUND', and 'Equities remained firm'.

It is clear that Britain is in a tough fight in selling seas. This may be partly result of the worldwide slump in industrial production and personal consumption.

Swiss tighten rules on capital outflows

Basel, Dec 19.—The Swiss National Bank said that in all capital exports must be entered into foreign currency with the national bank.

Anglo-Thai bid called off by Inchcape

By Peter Wainwright. Inchcape has decided not to bid for fellow Far Eastern trades, Anglo-Thai Corporation. A statement yesterday said that the two companies had been unable to agree on the basis for offering.

On other pages

Table listing other pages in the newspaper. Includes: Appointments vacant, Company Meeting Reports, Business Diary, Financial Editor, Financial news, Letters, Market reports, Share prices, Unit Trust prices, Wall Street, Bank Base Rates Table.

Large advertisement for Standard and Chartered Bank. Text: 'How Standard and Chartered help you develop your business overseas'.

Advertisement for Standard and Chartered Banking Group Limited. Text: 'Standard and Chartered helps you throughout the world'.

More ships cancelled by Norwegian magnate

By Peter Hill
Norwegian shipping magnate, Einar Rekesten, who is in bitter dispute with Aker, a leading Norwegian shipbuilding group, over the cancellation of four huge oil tankers two months ago, has cancelled two more vessels which he ordered in 1970.

These tankers, each of 285,000 tons deadweight, with an estimated contract value of about £25m, were due to be delivered in June and December next year.

But yesterday, according to reports from Oslo, Rekesten's company cancelled the ships because of delays in delivery. This was countered by the Aker group, which said the Mr Rekesten had been warned in 1970 that there would be delays in completion and deliveries were rescheduled for March and June of 1976.

Aker is now claiming that the cancellations are in breach of contract and will demand full compensation for the losses. Meanwhile the company is seeking new owners to take on the lapsed contracts. Another legal battle is pending over Aker's earlier annulment of four 420,000 ton deadweight vessels valued at £160m for Mr Rekesten.

While delays may be the reasons for the cancellation of the Aker orders by Rekesten it is indicative of the current slump in demand for large tankers in the wake of last year's oil crisis and continuing uncertainty over the prospects for world trade.

1,000 Courtaulds jobs go in fibres plant closedown

Courtaulds is to close its main British acrylics plant at Grimsby. The company stated last night that the decision had been taken because of industrial disruption there. Arrangements are being made to run down the plant, and these should be completed by today.

The move follows a warning a week ago that unless an overtime ban was removed disciplinary action would be taken.

A management spokesman said last night that any move to reopen the plant would depend upon the attitude of the workforce. At least 1,000 men will lose their jobs. The plant is one of the largest in Europe.

The trouble started when factory extensions were postponed because of the economic situation. Two months ago Courtaulds put the extension schemes into cold storage because of a decline in demand for its Courtaulds fibre.

The company said then that world economic affairs might result in some production cuts. After protracted negotiations a small amount of short-time working was introduced. Then an overtime ban was imposed in some sections of the factory.

Chrysler millwrights call off strike to qualify for holiday lay-off pay

By R. W. Shakespeare
Northern Industrial Correspondent
Skilled workers at the Chrysler car assembly and engines factories in Coventry decided yesterday to call off their month-old strike in support of demands for increased overtime rates.

The strikers, 190 millwrights who are responsible for vital maintenance work, followed a recommendation of their shop stewards to return to work on the night shift last night only two days after voting to continue their stoppage.

Several factors appear to have influenced the decision. Chrysler has announced that more than 4,000 other car workers in Coventry are being laid off for what amounts to an extended holiday over Christmas and New Year.

By calling off their strike the millwrights will qualify for lay-off pay during this period.

Secondly, other shop floor workers have refused to support the millwrights in their demands for a unilateral settlement on increased payments for weekend work. This has meant their strike has been largely ineffectual since management men with the cooperation of other workers have been doing the jobs they normally do.

British Leyland's two engines factories at Coventry and Birmingham are already on a four-day week because of falling car sales everywhere, and the corporation's big foundry at Wel-

lingborough in Northamptonshire has said that 600 workers will be laid off from today until after Christmas and that they will return to a four-day week.

Chrysler lay-offs over Christmas will affect 1,000 workers at the Scottish plant in addition to those in the Midlands.

By next month the Coventry car plant will have cut weekly vehicle production to 2,200 compared with 3,500 just over a year ago.

Ronald Kershaw writes: Swan Hunter Shipbuilders laid off a further 326 workers last night, bringing the total to 6,198. Together with the electricians on strike there are 6,790 now idle out of a workforce of 10,000 at six Tyneside shipyards.

Guidelines for worker directors

By Patricia Tisdall
A sound business education is essential for workers taking part in top-level management, Lord Watkinson, chairman of Cadbury Schweppes, said last night.

He said it was useless discussing a balance sheet or profit and loss account with people who had not had the chance to understand how such figures should be used.

There were many management schools and colleges that could provide such knowledge. They must be fully used and at the company's expense, he added.

Lord Watkinson was addressing delegates at a Cadbury Schweppes participation conference, which involves 23 elected representatives of all levels of the company's employees. The scheme was set up on an experimental basis earlier this year.

Another essential principle outlined by Lord Watkinson was an elective system for those who represented their fellow employees in direct talks with the board. Those elected must be employees of the company.

US output fall revised to 1.9 pc

From Frank Vogl
Washington, Dec 19
Revised data on the United States economy, published today by the Department of Commerce, will give little encouragement to the Administration, which had hoped the extent of the recession was exaggerated.

In real terms seasonally adjusted the GNP fell in the third quarter by 1.9 per cent, after a 1.6 per cent fall in the second quarter. Earlier provisional figures had indicated a third quarter fall of 2.1 per cent, but the modest improvement in the revised figures was the result of statistical factors.

Most economists—including many within the Administration—now expect the final quarter real data to show an even bigger decline than in the last two years.

The Department of Commerce reports that GNP was now estimated at \$1,415,000m (nearly £620,000m) up \$32,500m from the second quarter.

Other revised department figures today show barely any improvement in company profits

Intervention to save jobs condemned

Government intervention in industry simply to save jobs was a threat to the British economy, Mr Martin Jukes, director-general of the Engineering Employers' Federation, said yesterday.

Speaking to the East Midlands Engineering Employers' Association in Nottingham, Mr Jukes said that there was a movement of labour away from the declining divisions of industry to the prosperous sectors.

On industrial relations, Mr Jukes said that engineering employers were becoming concerned about the radical changes brought about by successive governments in industrial relations legislation.

Directors' cuts: A suggestion that the company should take a 10 per cent cut in their salaries to establish good faith in asking employees to tighten their belts in the fight against inflation, was made in London earlier this week.

It emerged yesterday that the proposal, put to the grand council of the Confederation of British Industry on Wednesday, failed to get endorsement.

RIBA plan to boost workload for architects

By Malcolm Brown
A five-point plan to boost the architectural profession's workload has been put to the Government by the Royal Institute of British Architects.

In a statement yesterday the RIBA gave a warning that in 1975 the profession could face its worst year for more than a decade.

"What distinguishes the present downturn from previous ones is the speed with which the huddle has burst. The last time the profession experienced a similarly sharp cutback was in 1965, but even then it took six quarters for the figures to fall to the extent that they have now fallen in three," the institute says in a memorandum sent to Mr Anthony Crosland, Secretary of State for the Environment.

The institute makes five recommendations:

1. Fiscal measures should be introduced to relieve pressure on the financial reserves of architectural practices.
2. A so-called "moving shelf" of projects on which advance design work can be carried out should be commissioned for all directly-financed Government programmes and nationalized industries.
3. A high proportion of improvement and conversion work should be included in the housing programme.
4. There should be collaboration in Whitehall to start a national programme of work on standards, research, evaluation and detailed assessment of the existing building stock.
5. The Secretary of State should collaborate with the Secretary of State for Trade in setting up an agency for the overseas promotion of comprehensive packages involving building programmes, in which professional services could be more widely and effectively employed.

Business appointments

Key posts for Mr B. Blackwell at Westland

Mr Basil Blackwell has been made a vice-chairman and chief executive of Westland Aircraft. He also became chairman of Westland Helicopters, British Hovercraft Corporation and Westland Engineers.

Mr P. E. Cooper, who has new responsibilities for the group's operations in Singapore and Indonesia, Dr R. Bright, director of operations for the Sime Darby group, becomes vice-chairman of Sime Darby Ltd.

Mr W. R. Merton has become chairman of Robert Fleming Holdings in succession to Mr E. Fleming, who remains a director.

Mr Kenneth Lewis has been appointed managing director of British Steel Corporation, Iran.

Mr P. Scott-Kennedy has been made an executive director and Mr K. McDonald-Moore, a divisional director in Littlewoods chain stores division, in the buying division, Mr R. A. Brierley Jones, Mr B. Patterson and Mr R. J. Warburton become joint chief executives.

Mr R. O. Steel has been appointed chairman of Harp Lager Brewery (Southern) upon Mr K. P. Chapman's retirement.

Mr Cavan Taylor and Mr Ian McIntosh have been appointed to the board of Emsayit Geophysical Areas as non-executive directors.

Mr James Ramage, secretary of the James Scott Engineering Group, has become financial director of the group.

Mr C. N. C. Crookford and Mr W. D. J. Price have been appointed assistant directors of Keith Shipton Developments.

LETTERS TO THE EDITOR

Paying for lack of rural transport

From Dr Hugh Pincott
Sir, Mr D. G. Lindsey asks (December 6) when we are to see the first express bus on the motorways, or even to hear that such a service is being planned.

Express coaches have been using motorways since the opening of the Preston by-pass in 1956, and the first scheduled long-distance motorway service was operated by Midland Red coinciding with the opening of the M1 in November, 1959.

Today, a casual glance through the winter edition of the *National Express Guide* indicates that of the 255 or so express services in England and Wales, some 85 (one third) travel on motorways for a significant portion of their length. Both the number of services and the proportion on motorways is considerably higher during summer months.

There would be more, but many routes are cross-country, traverse parts of this island not blessed with motorways, or have to serve communities adjacent to them.

The enterprise of the National Bus Company is, however, not limited to providing motorway services in the United Kingdom. This year they went international, introducing services to Amsterdam, Paris, Frankfurt and Athens. If there are profitable diversifications, the NBC seems certain to find them.

But Mr Lindsey highlights several of the problems facing the road passenger transport industry today. In 1972 United Kingdom operators completed 34,200 million passenger miles compared with 44,100 million in 1959—a drop of 22.4 per cent, and considerably lower than in the boom years of the early fifties.

As every economist knows, the beneficial and profitable effects of free competition can hardly ever be seen in a shrinking market, and it seems not coincidental that the BET Group (not renowned for being off profit-able investments) appeared quite happy to sell their transport interests to the Government voluntarily in 1967.

The formation of the NBC should not be confused with nationalization. Any potential private operator may still apply for and be granted a route licence by the area traffic commissioners if they can be satisfied that what he wants to do is in the public interest, and that he is able to carry it out competently.

But not all areas possess independents willing or able to run good and reliable stage services. Since public subsidies to rural bus routes are currently £3m per annum, the NBC is often delighted to transfer some of its routes to private operators.

Wage costs now account for over 70 per cent of all expenses in the bus industry, availability of skilled maintenance labour and supplies of spare parts get worse daily, and it is increasingly difficult to find the calibre of staff willing to suffer the unsocial hours and often the unsocial passengers. Rural areas do present a special problem, but the return to private enterprise is not the answer.

Official studies have abounded for the past 20 years, but no one seems to have tackled the real problem at its roots. The question is not "what is the most people are prepared to pay for rural public transport?" but "what overall social and economic benefit may the country derive from it?"

Reports on the cost/social benefit considerations of motorways and urban underground railways are legion, but rural public transport has been the Cinderella of planning ambitions for years.

The Government should not accept the challenge of tackling such a vitally important issue comprehensively, and not in the localized, piecemeal fashion a hitherto. There will be no lack of advisers.

Yours faithfully,
HUGH PINCOTT,
7 Mayfair Court,
Fawkneck Road,
London, SE15,
December 10.

Finance Bill's attitude to gifts

From Mr D. M. Stonor
Sir, In his article on Capital Transfer Tax (December 14) Mr Oliver Stanley recommended intending donors to consult their tax advisers before making gifts. This is sound advice, particularly as it would not appear to be safe to rely on Mr Stanley's own interpretation of the latest Finance Bill.

He devoted a considerable amount of space to show how a tax saving could be made by taking advantage of the exemption on gifts to a spouse and making gifts indirectly through the medium of one's spouse.

Unfortunately, the Government appears to have anticipated this loophole, and anti-avoidance provisions are included in clause 39 of the Finance Bill.

Clause 39 deals with "associated operations" and the Internal Revenue's explanatory leaflet on the Finance Bill sums up the intended effect of subsection (3) as follows:

"The final words of subsection (3) bear on associated operations effected in part between husband and wife; any exemption allowed in respect of gifts between them is withdrawn if they form part of 'associated operations' which as a whole do not rank for that exemption."

In fact, on a literal construction of the wording of clause 39 (3) it would appear that not only will exemption on gifts between husband and wife be withdrawn where there are associated operations, but an unintended double charge to capital transfer tax will be created.

Perhaps Mr Stanley would care to review his article in the light of clause 39.

Yours faithfully,
D. M. STONOR,
3 Throgmorton Avenue,
London, EC2.

Symptom of inflation

From Mr Jacques Leigh
Sir, Mr David Russell's letter on the symptom of inflation (December 16) reminds me of an old saying used in times of depression:—

"Even the people who never intend to pay have stopped ordering."
Yours faithfully,
JACQUES LEIGH,
6 Carlisle Mansions,
London, SW1.

Heat pumps as fuel savers

From Dr R. J. Baker
Sir, Heat Pumps as energy savers: I read with interest the recent letter from Professor Kurzi about heat pumps as fuel savers (December 5). While agreeing in principle with all that was said, I feel certain that qualifying remarks are necessary.

First, although domestic heat pumps may under certain conditions produce three times more heat than the electrical power consumed, the typical annual operating figure is unlikely to exceed two. Unfortunately, heat pumps are most inefficient when they are most needed—during cold spells—and then they usually rely upon electrical heating for boosting anyway.

Secondly, it is important to appreciate that however one method may appear more efficient than another, there is always a cost element involved which reflects the effort (or energy) expended in turning that method into a commercial product.

Modern heat pumps, for example, may be up to twenty times more costly than an electrical heater of the same thermal rating. Similar arguments may be applied to many of the more fashionable energy conservation methods.

It is necessary, therefore, in all these cases to establish not only the technical but also the economic merit of each conservation scheme so that the true benefit in energy savings (rather than just fuel savings) may be realized.

In the past the heat pump has found many justifiable applications and no doubt in the present climate of escalating fuel prices it will find even more. The technical advantages of any energy

scheme must not be considered in isolation from the economy factors.

Yours faithfully,
ROBERT J. BAKER,
27 Harcourt House,
19 Cavendish Square,
London W1

From Mr P. L. Martin
Sir, Your correspondent Mr A. F. Stohart (November 27) rightly draws attention to the fact that an electrically driven heat pump is little more than an expensive device to retrieve, from a waste heat source the energy dissipated by the inefficient operation of a power station.

From raw fuel to useful heat, therefore, the performance coefficient is no more than unity (ie 100 per cent efficiency). However, in the sense of energy conservation, it is obvious, hence, that 100 kw of useful heat is produced by—say—1 kw of electrical power than provide that heat by resistive heaters using 100 kw of electrical power.

Mr Stohart refers to a recent United States patent granted for a heat pump integral to a prime mover. Such a concept is by means new, however, since, for example, such a plant was installed at Nuffield College, Oxford some fifteen years ago.

In this case the base heat source to the pump was raw sewage and the drive was provided by a 5 litre BMC 105 engine. Test results showed that the useful heat output to the College, which included that recovered from the engine, was such as to produce a performance coefficient of 1.7 (ie per cent efficiency).

Yours sincerely,
P. L. MARTIN,
Oscar Faber & Partners,
18 Upper Marlborough Road
St Albans, Hertfordshire.

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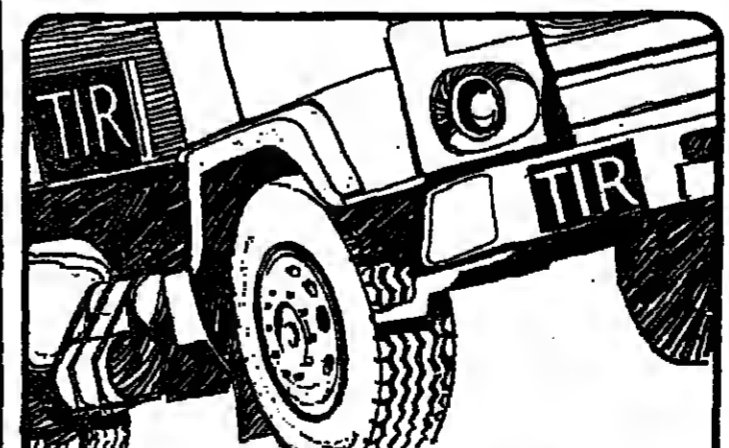
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BY THE FINANCIAL EDITOR

Rents: half an answer for the banks

There should be a sigh of relief from the banking system after the announcement that the commercial rent freeze is to be discarded entirely in the new year. But the relief should be tempered by the knowledge that this is only a partial answer to the banking system's problems for which a high price may ultimately have to be paid.

The social contract is a flimsy enough arrangement as it is. Whether the surprise such a bold move to prop up the financial system is open to doubt. There is, moreover, a danger that lifting the rent freeze could have as many unexpected consequences as the imposition of controls in the first place.

Troubles for the banking system arise from the disproportionate increase in its lending to property during the monetary boom between 1971-73. Lending to the property and construction sectors soared from less than £1,000m in 1971 to around £5,000m at the latest official count. Much of the money was used to finance purchases of property on a deficit basis in the assumption that prices would continue to rise indefinitely.

Lifting the rent freeze will only affect the income position of those companies whose property purchases or developments depended on an early rent review to show an income surplus. Few developers, however, had degree of caution during the boom, so the crucial question is whether property companies running at a cash deficit after the relaxation of controls can sell off sufficient properties to make good the shortfall.

It is the institutional reaction, then, that counts and both insurance companies and pension funds will derive a psychological boost from the move. But they are also watching their liquidity in a view to the calls that may be made on their funds as a result of the year-end liquidity shortage in the industry; some insurance companies are also wondering what effect curbing bonuses and underwriting may have on their premium income next year.

Most of all, however, they will be watching the trend in rental values which have been deterred by an increasingly marginal market since the freeze was introduced. It would not be surprising if some rents fell sharply. Nor would it be surprising if a burst of confidence in the investment market were to be dashed by a rush to unload properties.

The future pattern of yields is therefore unpredictable. The ability cannot be ruled out that values may not rise at all in the next 12 months when initial excitement has died down. What can be said at this time is that the members of the House of Commons will have a better than average view of the market since the freeze is being cleared banks may also benefit, although it is argued that their own very lending has not been fully discriminating. But the heavy investment in secondary residential and residential property look like marginal beneficiaries at best; an unhappy fate, in fact, for the rescue orium.

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Last year's figures came the major question on Un- was just how much winter og conditions would be. In the event, the answer seen not much: at any rate group has grappled with viable success with short- of milk for processing and uncertain demand for Scot

Bowers' products, and has come up with results for the half-year to end-September which are very much in line with expectations.

True, the 8.2 per cent decline pre-tax is after taking in a credit of £336,000 on retrospective margin awards, against £159,000 last time. Even so, in the context of extremely good trading in the corresponding period, any weakness is evident contained the worst of the supply problems should be over in the wake of the Government's big October increase in payments to dairy farmers, and for all the chairman's reluctance to forecast, the outcome for the year should not fall far short of £15.23m pre-tax achieved last time.

Not that this necessarily means the shares are a buy even if the yield at 25p is a likely 14.1 per cent, and the cover is sound. For last year's big increase in borrowings, which went to finance higher working capital, is now showing through in the profit and loss account: interest on short-term loans is up from £834,000 to £2,052m, bringing the total charge up by 53.3 per cent to £3.36m. The group is now trimming its working capital requirements and capital spending plans, and the growth rate to the end of the year will be lower: all the same, the level of borrowings is likely to inhibit dividend increases short term, and meantime investors can find equally safe and rather higher returns elsewhere.

Interim: 1974-75 (1973-74)
Capitalization £1.9m
Sales £8.85m (£7.1m)
Pre-tax profits £0.45m (£0.87m)
Dividend gross 1.31p (1.25p)

Stenhouse Dominion's drain

It was clear that extraordinary losses arising out of the disposal of Dominion Buildings would more than exceed Stenhouse's earnings and that the final dividend could have been in danger. So the 2p rise in the shares to 30p was due to relief at an unchanged final payout, which leaves the yield at 15 1/2 per cent.

But, discounting though the £3.7m provision below the line is, the pre-tax total is better than the market was anticipating. Industrial interests, 32 per cent down at the interim, bounced back in the second half to finish the year 10 per cent to the good at £15.5m.

The insurance broking interests, meanwhile, maintained their first half momentum to emerge 26 per cent up.

This is only part of the story, however. The net effect of the Dominion Buildings deal will be to impose a drain upon Stenhouse's earnings for at least the next two years. Outside estimates suggest this could amount to almost 11p a share which applied to last year, would leave the shares selling at 44 times earnings. With the rest of the sector yielding around 12 per cent and standing on a p/e ratio of just over 5 Stenhouse is thus selling at a discount, but probably no more than its industrial involvement justifies.

Final: 1973-74 (1972-73)
Capitalization £9.3m
Pre-tax profits £5.28m (£4.45m)
Earnings per share 8.1p (7.3p)
Dividend gross 4.65p (4.57p)

H. P. Bulmer
Coming under pressure

H. P. Bulmer's shares responded to news of halved interim profits by falling 4p to a new low of 19p yesterday. Moreover,

Business Diary: Publish and be in demand • Steel for Iran

Area of the Christmas industry not to suffer from the seasonal lull is the diary business, according to Denis Myers, a man who should know.

Myers is chairman of the Publishers' Association and a director of diary publishers Charles Letts and Co, produced their first dated diary in 1912.

Myers, who has a long list of delivering customers, says the diary publisher's business is "the special edition" which the ones firms send to members or which are sold to the members, commissioned and set up in the year before the boom set in.

Denis Healey's prediction this week that things are going to get any better at the end of next year or disconcerted Myers. "I don't know what will happen next," he said, "is that people seem to give other sorts of gifts which will now turn up like Christmas, like what already gave away will merely turn to cheaper varieties of the thing."

This year, Myers says the diary business is about 10 per cent better in real terms than last year and he thinks it is very much more with his four DPA members. Diary publishers, he did similarly well in 1973-1974 recession.

Myers says that the association of more than 20 million a year, of which a go overseas as direct, although others are by customers and to overseas agents for ty purposes.

About six in 10 of the diaries produced are for sale in shops and the rest are bought by firms or associations for gifts or for resale. Prices this year range from about 35p for what Myers calls an "acceptable" gift diary, to 55p or 65p for a flash executive job.

Myers, who makes nearly half the diaries published in this country, thinks that their 1812 model-made for the convenience of City merchants—is the first example of a diary in which the dates were already printed.

Previously, people had written in their own dates as they went along.

Surprisingly enough for what seems to be a lively business in fair weather and full of possibilities, Myers's company was making Boy Scout and Girl Guide diaries by the early 1900s, but it was not until after the First World War that diaries caught on as a gift and publicity device.

On the move

The British Steel Corporation is sending Kenneth Lewis out to Tehran to head the Iranian subsidiary of BSC (International), the corporation's umbrella company which looks after its overseas operations.

Lewis's appointment is significant in that it indicates the BSC's involvement in the Iranian steel industry is at long last beginning to move towards fruition, although there has been a deadly silence on the project. This latter is linked to the establishment of a one million tonnes per year cold

BSC's case for raising its prices

Over the past few weeks there has been an unusual, almost unaccountable silence from Whitehall about the British Steel Corporation's plans for implementing a large price increase in the first half of next year. Indeed, the silence has been so deafening that the corporation's prices experts may have believed that the evidence provided in their detailed submission to the Government was sufficient to have removed the need for further discussion at that silence implied approval.

It was not until Tuesday of this week that the corporation began a flurry of activity which indicated that progress was at last being made in the implementation of the British Independent Steel Producers Association, (BISPA), whose prices traditionally follow those of the dominant BSC, were nevertheless obliged to cancel plans for a price discount because the BSC had not disclosed how much it was going to raise prices in the new year.

The British Government technically has no power over the BSC's pricing policies, since under the rules of the European Coal and Steel Community, the corporation has complete freedom of movement in this area. But traditionally the BSC has come under Whitehall pressure to cut the scale of planned increases and the latest rise appears to have been no exception.

On this occasion, however, the BSC has been more willing to accept a lower overall average increase than it had originally contemplated. It would be in a sense a concession to the fact that in the first half of the new year with a fresh application if market conditions would permit such a rise.

Revised price lists have been printed for some time and after a meeting between Lord Besswick, the industry's sponsoring minister, and Dr Monty Finniston, the BSC chairman, on Wednesday, senior officials from BSC rushed to Brussels to plead a case for the increases to be implemented from January 1.

There has been wide speculation that the corporation was after increases of between 20 and 25 per cent—never denied by the corporation—and as long ago as October senior executives considered that even higher increases were justifiable. The grounds for these were the huge costs which had been incurred since the last round of increases announced in this year's March Budget when the average rise amounted to 25 per cent.

Yesterday's announcement implies an increase in revenue of about 20 per cent.

In recent weeks the market has softened markedly, although as a result of difficulties in the earlier part of the year involving plant breakdowns, labour disputes and shortages of coal and scrap, the BSC has been under constant attack for failing to meet the demand from domestic customers. Re-rollers have been so short of billets that many have been operating on a reduced working week for some time, while the BSC's inability to meet the home demand has been reflected in a 64 per cent increase in imports in the first 10 months of this year compared with the corresponding period of last year.

Last month Dr Finniston emphasized that the corporation was after "significant" increases when he announced an £82m first-half profit. The increase since the start of the big surge in costs since the last price revision and he gave warning that next year would provide the BSC with a tough test.

As its contribution to the

social contract the state steel undertaking agreed not to increase prices again in 1974 after the March increase, unless there was an unexpected rise in the cost of imported raw materials. But by the end of the half-year costs had risen alarmingly, and with more in prospect the sizable increases could not be deferred until later in the new year.

What then are the cost pressures through which the BSC has sought to justify its increases?

Scrap, which is the early part of the year was a major constraint on production, has risen in price by some 60 per cent since April. The BSC's own controversial premium pricing system designed to generate more scrap gave this a useful boost, while booming demand throughout the world was another factor.

The EEC transitional period for ferrum scrap ends early in the new year and this will enable United Kingdom scrap producers to engage in free trade with EEC countries. Only a few weeks ago the corporation was expecting a further rise in scrap prices at that point but this now seems less likely.

United Kingdom scrap prices, allowing for the transport factor, are now not far out of line with those elsewhere in Europe where prices are now easing back significantly.

Apart from the shortages and price increases received in the aftermath of the miners' strike, the BSC has also had to contend with a 38 per cent increase in coal prices from the National Coal Board, while imported coal costs have increased by 60 per cent since the start of its seriously threatened, as would its objective of funding a large part of its 10-year development programme—which still hangs in the balance—from its own resources.



Dr Monty Finniston, BSC chairman: need to cover a big surge in costs.

At the half-year the BSC was only just managing to break even financially and against the background of the market downturn the prospects for building up exports in the first quarter of next year are not bright, particularly in view of the reputation which the corporation has acquired through poor deliveries in the past.

BSC steel prices are still below those prevailing in Europe by as much as 20 and 35 per cent according to grade. Even the closing of the gap has been one of the objectives of the BSC and the EEC authorities. After the last increase United Kingdom prices compared to be competitive in many grades and even with demand easing back, steel producers generally in Europe and the United States are looking towards further increases early in 1975.

With demand falling away Dr Finniston has been confident that there would not be a vicious price-cutting battle, but rather has expressed the view that steel producers would cut back on discounts and reduce their output levels, particularly in Europe, and the evidence so far appears to support that thesis.

The BSC can thus implement increases with a measure of confidence, although the steel market demand pattern has perhaps never been so difficult to forecast.

While the increase obtained by the BSC may be less than it might have hoped for, it is not surprising.

It will be interesting to see how the private sector reacts. Generally speaking, private sector prices were 15 per cent above the BSC's and the view of many BISPA members is that a 20 per cent increase could be justified on costs grounds alone.

Peter Hill

Letraset Returning to earth

One-time high flier Letraset has returned to earth. At the turn of the year the shares were 95p, supported by a 119 per cent rise in 1972-73 profits; a 45 per cent jump in 1973-74, and a 70 per cent overseas sales content.

Yesterday, after fears of what happens when a key United Kingdom patent expires in January and rumours share sales from the boardroom the shares fell 4p to the year's low of 20p.

It was prompted by news that pre-tax profits slipped 18 per cent in the half year to October 31.

First quarter hopes were dashed by retailer destocking. Profits will fall this full year, and at the end of October 9 per cent of the staff were made redundant. Several directors have lightened their holdings a bit, but the sharpest drop in that of the chairman of 120,000 shares to 405,000 was made to reduce personal borrowings.

Letraset claims that the key United Kingdom patent accounts for only 10 per cent of United Kingdom business; and that its grip on retailers is much more important. The argument is that competitors have been trying with little success to get retailers to take on new lines which is something few want to do right now.

But the group has a one-product image and no new ones are on the way; the world trade slowdown, especially in the United States market (30 per cent of foreign business) shows no sign of picking up; and the half-year's 47 per cent rise in sales and the profits fall tells us about margins. If Letraset makes, say, £2.1m this year against £2.7m, the p/e ratio would be about 4.3 and the yield at best 10 per cent. These returns give the shares little support.

Interim: 1974-75 (1973-74)
Capitalization £3.45m
Sales £8.14m (£5.56m)
Pre-tax profits £905,000 (£1.1m)
Dividend gross 0.55p (0.49p)

Using the tides to generate electricity

Both good news and bad news emerged this week from the research department of the Central Electricity Generating Board.

The good news: that electricity equal to tenth of the board's present annual output could be provided by a single scheme which would use a fuel which is free and inexhaustible. The bad news: the scheme would cost about £2,000m in investment.

The subject of the research department's interest is the proposed barrage across the Severn Estuary, which would harness tidal power and store off-peak energy from nuclear power stations. The idea is not new, but the results of the CEB's latest assessment give a boost to the prospects for such a scheme.

At a private meeting at Bristol University earlier this week, the CEB's findings were discussed by a group of senior specialists concerned with different aspects of the scheme, including engineering, power generation, economics, geography, shipping, water resources, transport and recreation.

In its simplest form a tidal barrage is a single causeway built across an appropriate river estuary (the Severn estuary is particularly appropriate because its range from high to low tide is very large). The barrage contains locks through which ships can pass and a number of underwater turbines are built into the structure.

As the tide comes in, the incoming water drives the turbines and generates electricity. It does the same in the reverse direction as the tide goes out. There is no generation for a period on each side of high and low water.

To this basic theme a number of variations can be added. During the inactive periods, for example, the turbines can be driven as pumps (by an outside source of power) to raise or lower the level of water in the basin behind the barrage. The basin itself can be

Kenneth Owen discusses the results of a fresh assessment by the CEBG

dividend into two basins, one at a higher water level than the other. Water flows into the high basin as the tide comes in and out of the low basin as the tide goes out.

Turbines are mounted in the secondary barrage between the two basins, in order to extend the period of power generation. And again the turbines can be driven as pumps to increase the difference between the two water levels.

Computer programs were recently produced by CEBG scientists to simulate the performance of different Severn barrage designs. The two most important performance factors are the total energy output per year and the lowest firm power provided at mean neap tides.

Assuming an installed machine capacity of 12,500 megawatts, a 16-hour generation period would give maximum output of 23.5 terawatt-hours (23.5 million megawatt-hours), but at a firm power of only 3,000 MW.

Operating on a 12-hour generation period the annual output is reduced to 20.7 TWh, but firm power rises to 4,000 MW. If night-time pumping with grid power is added, the output is 23.7 TWh and the firm power is 5,000 MW.

For the CEBG a significant aspect of the proposed barrage scheme is that it could be operated in any one of three modes once the plant is installed. Thus the board could aim at either maximum energy (expressed in megawatts) or maximum power (expressed in megawatt-hours).

The cost is likely to be about £2,000m, plus or minus £500m; in other words, the CEBG scientists suggest, it will be between that of nuclear and fossil-fired plants to provide the same output.

But much further work is required, they stress, to refine the design and to investigate seabed and hydrodynamic conditions. Only then could a

realistic cost be obtained by seeking contractors' tenders. A barrage scheme could make an important contribution to electricity generation and storage, with the added benefit of diversifying Britain's natural energy sources. It would also benefit the ports in the estuary, which would be able to handle more and larger ships.

Water sports in the area would also benefit, and there would be advantages in having a dual-carriage road across the barrage (which might be from near Weston-super-Mare to near Cardiff, or from near Watchet to near Barry).

Against this, there would be drainage problems in the low-lying areas of land on each side of the estuary. Pumping would have to replace gravity for draining these areas and the uplands drainage channels also would have to be improved and embanked. (This could result in an improvement in the value of the low-lying land.)

There are also potential problems of pollution. A barrage would slow down the process by which sewage and industrial effluents are diluted in the estuary. Stricter anti-pollution measures (by the industrial concern whose effluents are discharged into the estuary, in particular) would have to be enforced by the water authorities.

In a recent paper, E. M. Hughes, of the CEBG's Marchwood Engineering Laboratories, summed up as follows:

"It is clear that tidal power is not a heaven-sent answer to all our energy needs, but it could make a contribution equivalent to perhaps 10 steam-generating heavy-water nuclear reactors at, say, three or four stations."

IDA Ireland
INDUSTRIAL DEVELOPMENT AUTHORITY

Republic of Ireland sets new records for industrial expansion

Overseas companies made a record level of investment in industrial projects in Ireland during the twelve months ended March, 1974. New and expanding industries more than doubled the previous year's record with a total investment of £300 million, 25% of which will be provided by IDA in non-repayable cash grants toward the cost of fixed assets.

A record 23,000 new jobs were created, exceeding the combined total of the previous two years. A further 21,000 jobs will be added by the end of 1974.

Co-operative training programmes are being implemented to meet the high demand for skilled technicians and workers.

Manufacturing output rose 9.3% compared with 7.5% in 1972/73. One-third of total output was exported, raising industrial export levels 20% to a record £366 million.

The EEC (Common Market) predicts that Ireland's GNP will grow 5% a year up to 1978, putting our growth prospects second only to France (5.5%) and Italy (5.3%) within the European Community.

Industrial relations continue to improve under successive national wage agreements. Days lost through strikes fell to 350 days a year per 1,000 workers. The Republic retains a significant wage-cost advantage over other European countries.

The IDA's national land bank for future industrial needs has now reached 3,000 acres of selected sites. Investment in land and advance factories doubled to £8.2 million.

JOHN H. DONOVAN, Chairman
Industrial Development Authority of Ireland
Industrial Development Authority
28 Bruton Street, London W1X 7DB

Expanding

Warren Hutchins has presided over the international department of Citicorp International Bank since its formation about two years ago. In that time he has built it into probably the biggest and most aggressive syndicator of loans in the Euro-currency market.

So on the face of it, it is odd for him to be joining Merrill Lynch-Brown Shipley Bank, one of the smaller of the consortium banks with assets at mid-year of under £35m.

But life at Merrill Lynch-Brown Shipley is far from quiet. It is a subsidiary bank with its own capital structure, operates very much as a department of its mighty parent, First National City Bank.

The bank was formed in 1972 but has never really got into its stride, at least in part because of the death in March this year of its managing director, in September, however, Merrill Lynch injected new capital into the business, taking its holding up to 74 per cent, and, with 42-year-old Hutchins moving into Wright's job, sees it as a vehicle for expanding into banking and

Compensation

Mrs Edwina Coven, whose two attempts to become the City's first woman Alderman failed with her rejection by the court of Aldermen, has won a modest compensation. After Wednesday's annual ward elections for the Court of Common Council, at which she was re-elected as one of the four councillors for Dowgate ward, Mrs Coven has been nominated as the first Deputy to the Alderman by the Alderman, Christopher Leaver.

For Mrs Coven, a 37-year-old wine merchant, became the Alderman for Dowgate when Mrs Coven decided not to contest the aldermanic election in her ward for the third time.

For Mrs Coven, who when gossip columnist for the magazine *She* once danced with the Bluebells in Paris, said her appointment was "absolutely delightful".

It gives her the opportunity to serve the city in a new capacity. It is one step up, not the final step, but it must make the final step easier for the next woman, she said yesterday.

She believed that the appointment showed that progress was being made in the air.

In the elections to the Court of Common Council, Mrs Ivy Sharp became the fourth woman member of the court. Mrs Sharp, who will represent Queenhithe, edits the magazine *Fair Review*.

Steel for Iran

Now 46, Lewis has been director, special duties, at the BSC's London headquarters, since last year, a position which enabled him to carry out the Master Cutler's duties and at the same time link him very firmly to chairman Monty Finniston's office. With age on his side and the opportunity now to be given his head in a challenging arena there are those who see him rising yet higher.

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Harland and Wolff, Limited

The Annual General Meeting was held in Belfast on 19th December, 1974. The following is the statement by the Chairman, Viscount Rochdale, O.B.E., T.D., D.L., circulated to shareholders with the Annual Report for the year ended 31st December, 1973.

I regret that the publication of the accounts for the twelve months to 31st December, 1973, and the holding of the annual general meeting have had to be delayed. The reasons are not far to look for and will be clear from what follows.

Discussions with Government

In my last annual statement of 19th April 1973, I referred to various setbacks which had befallen the Company during 1972 and the first half of 1973 and in particular the labour dispute and its potential consequences. Again I made reference to that in my interim statement of 14th January 1974. The effect of this dispute coupled with the associated limitation on recruitment and training, which was one of the more serious consequences and which persisted until August, 1974, was to keep production down to an unacceptably low level, completely disrupting our shipbuilding programme. To illustrate, the tonnes of steel prepared during 1973 were no more than two-thirds of what had been achieved during 1972.

Throughout this period the Company was still unable, under current counter-inflation legislation, to negotiate freely with its employees so that a tense situation grew steadily worse. Slippage of the shipbuilding programme continued; one important consequence of this has been to delay the completion of the programme so as to take it progressively into later years where costs will inevitably be higher because of continuing inflation. It is this situation which largely explains the need for the massive provisions I refer to later under the heading of Accounts.

The possibility of this adverse deterioration and its financial effect had been foreseen early in 1973, but by the summer of that year it had become all too obvious. Discussions were therefore opened with the then Government, resulting in a promise of assistance; this was announced in the House of Commons on 19th November, 1973 and later referred to in my interim statement to stockholders of 14th January, 1974. Financial discussions continued but as they proceeded it was proving increasingly difficult to reach agreement on certain technical financial problems, and with the advent of the February general election discussions came to a standstill.

Discussions with the new Government were re-opened at the end of March. By then it had become clear that the assumptions about future productivity underlying the earlier financial forecasts needed to be looked at afresh and immediate steps were taken to prepare a new assessment of the current position and future prospects; I referred to this in my statement to stockholders on 25th July, 1974.

Meanwhile the situation continued to deteriorate and your board was advised that it was becoming in serious danger of being unable legally to continue to trade. Further urgent discussions with the Government followed during the late spring and early summer which resulted in the Company receiving written assurances of additional Government support. I referred to this also in my statement of 25th July, 1974.

Government Project Team

As a means of ascertaining the amount and timing of assistance required and the method by which it should be injected into the Company, the Government appointed a project team headed by Mr. W. G. Downey, C.B., F.C.A., a senior civil servant, with whom the Company is now in close and detailed discussion.

These discussions involve examination of overhead costs in relation to current and projected output, projected capital expenditure, reassessment of our current shipyard order book, availability of labour which has emerged as a very real and unexpected problem and, most important of all, future productivity and production. Bearing in mind that these considerations have to cover a period as far ahead as 1978, there remain, inevitably, several imponderables which cannot immediately be resolved. However, as stated in note 4 forming part of the accounts, your directors have made the best assessments presently possible and as you will see provision for losses has been made on this basis.

The timetable on which we are at present working envisages our being able to reach agreement with the Government around the end of this year as to the extent and form of finance required. Stockholders will be informed as to developments.

Board Membership

It was announced on 5th August, 1974 that Mr. Ivar Hoppe had ceased to be managing director. As an interim measure pending the appointment of a successor, an executive committee of the board was immediately established with the approval of the Government to carry on the function of managing director. This committee consists of my deputy chairman, Mr. J. A. Watt, as its chairman, together with the three assistant managing directors, Mr. D. L. Cooper (finance), Mr. E. Hallstrom (facilities) and Mr. R. S. Punt (ship production).

In August, 1974 Mr. D. C. Tinkler, who joined the Company a year ago, was appointed to the board as personnel director with responsibilities for all aspects of the personnel function including employee relations, training and manpower planning. I am confident that this appointment will go far towards obtaining substantial improvements in the area of industrial relations.

Industrial Relations

Following the repeal of the pay code at the end of July, we have entered into wage discussions with various sections of our labour force. These discussions are aimed at establishing agreements which, in addition to improving morale, will lead to the achievement of higher levels of performance. At the time of writing the first of such agreements has been reached with the steelworkers and gives higher earnings as a direct consequence of achieving defined higher levels of productivity. Both the content of the agreement and the manner in which it was negotiated gives confidence that it will be successful.

Much progress has also been made during 1974 in strengthening all the formal and informal procedures in the area of internal communication,

consultation and co-operation. In this we have had very much in mind the need to establish genuine employee participation as a basis for a united sense of purpose; without such a united sense no company can expect to succeed.

Shipyard Order Book and Production

Two further valuable ship orders have been obtained since the previous annual general meeting; these represent the first steps in introducing a new line of 66,000 tonne products carriers to supplement Very Large Crude Carriers (VLCCs) for which today there is worldwide lack of interest and potential orders. I sincerely hope that once a resolution of our production difficulties is in sight so that our ship delivery programme can be clarified, the present temporary ban imposed by the Government on new ship orders will be lifted, thus enabling us to go ahead to secure further orders for this new line of ships.

Engine and Electrical Works

The engine works, under the direction of Mr. L. G. Curran, are having an active year. Some important items of new equipment have been installed and a new boiler shop is under construction. At the same time we have been able to secure several important orders for main diesel engines from a variety of other shipbuilders, both at home and overseas. These, combined with a successful drive to develop sales of spare gear and other engine parts, as well as some new related products, encourages me as to the future of this department. Indeed, today the department, after bearing its full share of overheads has reached a point of break-even and is ahead of its delivery programme.

Ship Repairs

As mentioned in my interim statement of 14th January, 1974, the Southampton ship repair works were disposed of to Vosper Thornycroft Ltd. in Belfast, for the reasons indicated last year. Ship repair work has continued at a minimum though profitable level. However, this level is currently being reconsidered with a view to modest expansion within the limits of labour availability.

Accounts

Turning now to the accounts, I have already referred to note 4 to the accounts and to the difficulty of assessing the correct provision for future losses. On the best estimates which it has so far been possible to make, the net increase required on these provisions is £26,526,000 and it is to this which I would particularly draw your attention. This figure assumes certain increases in productivity and production; whether they are achieved or perhaps improved upon will depend on the efforts of both management and workforce.

I would also draw your attention to the negative net asset position shown in the balance sheet. As explained in note 1 however, the Government was prepared for the time being to guarantee the liabilities of the company pending completion of arrangements for the provision of further financial support thus enabling the Company to continue to carry on its business.

The Future

Against the foregoing background, the seriousness of which I must in no way minimise, it is difficult to predict the future. Certain facts can however be stated. In the shipyard there have been many delays in the construction of the P200 facilities, but they are now on their way to completion and by the end of 1975 should result in one of the most modern and best equipped shipyards in Europe, if not in the world; at the same time most of our new systems for planning, work preparation, production and quality control, and materials control, should be fully tested and operational. Subject then to a satisfactory outcome to the detailed financial arrangements with Government, there will remain three vital considerations. As to the first—the local political background—I will not comment, but it cannot be forgotten. As to the second—inflation—it hardly needs me to underline that any of our calculations can so easily be further undermined by this cancer. As to the third—the human dimension—this is, as everywhere, of over-riding importance. It represents a challenge to every single man and woman in the company from the chairman down to the latest recruit.

Whilst we are by no means yet out of the wood, there are some signs for encouragement. At any rate I believe we are on the move again and in the right direction. To those who are contributing to this I would say "thank-you".

During the meeting Lord Rochdale said:

"Since my statement was issued to members there have been two important developments to which I wish to refer.

You will have seen the Company's recent press announcement regarding the cancellation of the contracts for three of the six 233,000 tonne VLCCs ordered by Assamop Transport S.A. in association with the Maritime Fruit Carriers Group.

Early in the Summer of this year the need to carry out an urgent review of our current shipyard order book was recognised. This review was referred to by the Minister of State, Mr. Stanley Orme, in the House of Commons on the 22nd July, 1974. The need derived from the shipbuilding programme slippage which was due in the main to the adverse effects of the prolonged industrial disputes referred to in my statement.

The review indicated that owing to the cumulative effects of this dispute, the low level of production which followed and the need to plan future production on a workforce limited to about its present size, the Company would be unable to meet its contractual obligations in respect of the delivery dates for the six VLCCs ordered by the M.F.C. Group. The Group was accordingly approached and as a result of negotiations the cancellation of three of the six contracts was agreed. I would like to pay tributes to the understanding with which the Group approached a difficult problem.

The cancellations have strengthened rather than weakened our position. They have relieved the production "log jam" and will improve the delivery position of the remaining three vessels ordered by the Group. Our revised shipbuilding programme gives realistic recognition to the limitations in manpower recruitment imposed by the local labour situation. All our efforts will now be directed to the improvement of productivity and production and to the more effective use of all our existing resources.

As regards the second development, I am pleased to be able to report the recent receipt of an order from Hyundai Shipbuilding and Heavy Industries Company Limited, of South Korea, for seven H and W-B and W 8K74EF type marine diesel engines. This important order, which is the largest gained so far by the company for the supply of engines to another shipbuilder, is worth over £6 million."

The Directors' Report and Audited Statement of Accounts for the year ended 31st December, 1973 were adopted, and the retiring Directors, The Viscount Rochdale, Mr. J. A. Watt, Mr. L. G. Curran and Mr. D. C. Tinkler were re-elected.

FINANCIAL NEWS AND MARKET REPORTS

Eng Property slump 47pc at halfway but better times ahead

By David Mott. Blaming higher interest rates, the rent freeze and adverse legislation for a 47 per cent decline in taxable profits to £916,000 pre-tax over the six months to April 30, English Property Corporation expects an early return to better profits. The factors underpinning this confidence are a restructuring of the property investment portfolio, better market conditions, some mitigation of the rent freeze and falling rates of interest. Over the full period to October 31 about £25m worth of United Kingdom properties were disposed of, and the proceeds more than covered development expenditure in this country. The disposals have shown an aggregate surplus and have produced an annual net saving in interest payments of about £2m.

Latest dividends

Table with columns: Company, Dividend, Year, Pay date, Year's Pre-1974. Lists dividends for various companies like S. & W. Berisford, Eng Property, etc.

GENERAL ELECTRIC Company intends to offer to ordinary shareholders the choice of receiving shares of equivalent value to the proposed interim cash dividend of 1.5p a share. This will be on the basis of 39.426 new shares for every 1,000 shares held. BLUEMEL The board has reduced the gross dividend from 4.81p to 3.43p because of effect of increased costs and pressure on margins in the year to September 28. Taxable profits cut from £283,000 to £204,000, or turnover up from £2.8m to £3.25m. Earnings, 4.25p (7.64p).

Wall Street

New York, Dec 19.—Falling in mustering enough support to keep the upward trend of the past two days going, the New York stock market closed mixed in moderate trading.

Table of stock prices for various companies like Allied Chem, Amstar, etc. Includes columns for Dec 19 and Dec 18 prices.

Foreign exchange—Sterling spot 2s 10.75; Canadian dollar 12s 10.00; Hong Kong dollar 15s 10.00. The Dow Jones spot commodity index closed down 1.25 to 2,587.70. The futures index was up 98 to 800.70. Industrial stocks were mixed.

Silver up 6.50c after 3c retreat

New York, Dec 19.—COMEX SILVER rose 6.50 cents to 67.50 cents a pound on a 3c gain in the futures market. The price of silver rose 6.50 cents to 67.50 cents a pound on a 3c gain in the futures market. The price of silver rose 6.50 cents to 67.50 cents a pound on a 3c gain in the futures market.

Stock markets Rent thaw hoists property shares

The equity market continued to move forward yesterday, although the trend became confused during late dealings, as the City assessed the implications of two major factors. Reports that the Shah of Iran had threatened higher oil prices if Western countries were allowed to up-value official gold holdings brought a sharp fall in gold shares, as well as a minor check to industrials. But this news was quickly followed by the announcement that the freeze on United Kingdom commercial rents will be lifted in the New Year—which galvanized property shares, and steadied the rest of the market. The outcome was that the FT index put on a further 2.2 to 163.3 (after 164.6). Turnover, in terms of recorded bargains of 5,667, was good by recent standards. Moreover, an amplified figure for Wednesday showed equity turnover for that day at £56.5m—about 10 per cent above the levels of the past fortnight. But the market remained convinced that the recent upturn in share prices reflects little more than bear covering ahead of the Christmas holiday by those who were selling during last week's sterling-induced downturn. These pundits pointed out that yesterday's share rise took place against a background of gloomy economic predictions from the OECD. News of the thawing of commercial rents brought turmoil in the property share sector. Jobbers' offices were overwhelmed with telephone inquiries, some of which produced buying orders. But the news was not unexpected, and this morning's market will show whether buyers follow through. Among the leading property shares, Land Securities (39p), Metropolitan Estates (88p) and Great Portland (120p) all established good rises during the final half-hour of trading. Gold shares, easier throughout the session following a lower bullion fixing in London, moved erratically at the close. The first reports of the statement from the Shah sent share prices plunging—only to rally when Wall Street opened and American buyers came into the London market in strength. Net losses to President Steyn (£19) and FS Geduld (£26) were held to 25p or so. Leading industrials opened uncertainly in consequence of the gloomy economic picture painted by the OECD. But prices quickly steadied as both sterling and gilts remained firm. Closing prices for ICI (129p), Unilever (171p) and Beecham (122p) showed minor rises—after allowing for the late roak-down after the Shah's warning on oil prices. At 6.1p, ELM shares recovered their fall, helped by confirmation of the Government help. Other engineering shares held steady. Westland (22p) firmed up on the trading results. Shares in R. Costain eased to 76p on the disclosure that the stake held by Slater Walker Securities had been sold to Arab interests. Oil shares remained quiet against the background of uncertainty in the Middle East. Equity turnover on December 18, £56.8m (11,233 bargains). Active stocks yesterday according to Exchange Telegraph were: ICI, BAT, Laod Securities, GEC, Barclays Bank, National Westminster Bank, Anglo-Thai, Beecham, Marks & Spencer, Disciples. Buyers returned to the gilt-edged market producing modest losses in some parts of the bond price rises across a broad front. Jobbers said that the buying was out on a large scale, but quite comfortably outweighed selling. The looed-stated stock began to advance around midday and then held steady, closing at the day's best, a 1 1/2 gain of 1. After a slow start, short-dated stocks performed even better, rising 1 to 1 1/2.

Ellerman rises £2m Break in commodity boom trims Berisford's growth

The improving trend which emerged in 1973 has continued into the first half at Ellerman Lines. Taxable profits have jumped £2m to £4.5m, and the board hopes to sustain this upward for the second half. Turnover is up from £26m to £40.8m. Associates have contributed £365,000, against £277,000, while losses from financial operations have been reduced from £1.08m to £296,000. Since the end of the half-year (June 30) there has been a further deterioration in exchange rates and if certain loans were repayed at the rate ruling at November 30, losses from the financial operations would be increased. Commodity trader and food processor S. & W. Berisford has turned in pre-tax profits of £7.58m for the year to September 30, against £4.9m. With sales up from £405m to £532m the group evidently has benefited from the higher prices and activity in commodities markets throughout most of the reporting period. But second-half taxable profits rose by only just over a fifth, compared with a doubled contribution in the first half. This reflects the recent sharp falls in commodity prices and decline of speculative interest in the group's major areas of interest, such as cocoa and sugar. At the interim stage the group had made provisions against losses in some parts of the business predicting that the second-half growth would come from overseas interests. Fully diluted earnings worked out at 27p a share for the year, against 20.7p.

The Cameron Group advertisement featuring a logo with a crown and the text 'The Cameron Group' and '20% Increase in Turnover'. It includes financial facts for 1974 and 1973, and a list of products.

DAVID CHARLES SUMMARY OF RESULTS advertisement for the year ended 30th June 1974. It includes a table of financial results and a list of key business points.

The Times Calendar of Britain 1975 advertisement. It describes a calendar with 12 months of views of Britain, printed in full color on heavy-weight glossy paper.

MARKET REPORTS

Foreign Exchange

The dollar closed below its highest levels against major European currencies yesterday, but remained generally firmer than overnight. Trading throughout the session was thin and nervous, with the most volatile activity early in the day when the dollar rose sharply to 2.630-640 against the Swiss franc.

Bank Base Rates

- Barclays Bank .. 12%
FNFC .. 13%
Hill Samuel .. 12 1/2%
C. Hoare & Co .. 12 1/2%
Lloyds Bank .. 12%
Midland Bank .. 12%
Nat Westminster 12%
Shenley Trust .. 12 1/2%
20th Cent Bank 12%
Williams & Glyn's 12%

DE BEERS CONSOLIDATED MINES LIMITED

Incorporated in the Republic of South Africa

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER

PAYMENT OF COUPON No. 131 With reference to the notice of declaration of dividend advertised in the press on 27th October 1974, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of one rand (R1.00) per share was declared on 27th October 1974. The dividend on bearer shares will be paid on or after 31st January, 1975, against surrender of coupon No. 131 detached from the share warrants to bearer as tender.

At the offices of the following continental paying agents by residents of the following countries concerned for payment in the appropriate local currency:

At the London Receptor-Consolidated Limited, 7 Rolls Buildings, Fetter Lane, London EC4A 3DF, persons lodging coupons of the London Receptor Office prior to 17th January, 1975 will be paid the United Kingdom currency equivalent of the rand currency value of the coupon on or after 17th January, 1975.

United Kingdom income tax will be deducted from the gross amount of the dividend on or after 17th January, 1975. The dividend will be paid in the United Kingdom currency equivalent of 67 cents per share in respect of sub-paragraph (a) above arrived at as under:

Table with 2 columns: Amount of dividend declared, and South African non-resident shareholders' tax at 14.97%.

to 21.1 per cent from 21.2 per cent overnight.

Discount market

Although a projected surplus of day-to-day credit did not really show through in the system yesterday, discount houses passed a comfortable day, balancing their books without assistance from the Bank of England.

Spot Position of Sterling

Table showing spot rates for various currencies: New York, London, Frankfurt, Zurich, etc.

Authorized Units, Insurance & Offshore Funds

Large table listing various authorized units, insurance, and offshore funds with columns for Bid, Offer, and Yield.

Money Market Rates

Bank of England 10 days Treasury Bill 10 1/2%
Overnight Open Market 10 1/2%
3 months 10 1/2%
6 months 10 1/2%

Forward Levels

Table showing forward rates for various currencies: New York, London, Frankfurt, Zurich, etc.

The Times Share Indices

The Times Index for 12.12.74: 294.12
Previous day: 293.12
Change: +1.00

Authorized Units, Insurance & Offshore Funds

Large table listing various authorized units, insurance, and offshore funds with columns for Bid, Offer, and Yield.

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Bank of England 10 days Treasury Bill 10 1/2%
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Bass outlook muted

Without profits no one benefits; the two words are synonymous, writes Mr. H. Alan Walker, chairman of Bass Charrington, in his review.

Recent Issues

Table listing recent issues of shares and bonds, including company names and amounts.

BRYCOURT INVESTMENTS LIMITED

Comments by the Chairman, The Hon. D. C. S. Montagu

At 30th September, 1974 the total value of the security portfolio and net current assets amounted to £3,595,327, a reduction of 44 per cent as compared with the previous year.

Geographically, in terms of market value, the percentage invest in the U.K. has increased slightly from 4.3 per cent to 44.8 per cent while in Australia it has fallen from 3.6 per cent to 2.5 per cent.

SUMMARY OF RESULTS

Table showing revenue of the group before taxation, revenue after taxation, and earnings per ordinary share.

YORKSHIRE & LANCASHIRE INVESTMENT TRUST LIMITED

Highlights of the Annual Statement made by the Chairman Mr. J. Fatterini, M.B.E., T.D., J.P.

The gross revenue, for the year ended 30th September, of £88,731 was substantially up on last year's total of £74 Dividends received, especially from overseas investments increased substantially as also did the bank interest received.

The total recommended dividend of 1.05p per share will related tax credit is equal to 1.5672p per share gross and pays with 1.4375p per share gross paid last year. This is an increase of 9 per cent.

During the year, in spite of very few opportunities investment dealing subsidiary company White & Red Rose Investments Limited made a profit of £732 on dealing activities.

The company continues to maintain a high proportion funds on deposit with its bankers.

HERMAN SMITH LIMITE

The following is an extract from the circulated memo of the Chairman and Managing Director, Mr. E. G. Smith:

The trading profit for the year ended 30th June was £213,190, subject only to tax, which compares £248,847 for the previous year. In addition, there sum of £58,000, being a provision for Rolls-Royce Ltd debt, no longer required. Group trading activities significantly affected by the three-day working followed immediately by the Engineers' National overtime.

HERMAN SMITH (AERO SERVICES) achieve over and profits which were satisfactory in the strances and sales prospects at home and overseas encouraging.

HERMAN SMITH (ELECTRICAL ENGINEER) a satisfactory performance. Present orders on hand particularly high, and production is being speedily expanded.

HERMAN SMITH (SPECIAL PRODUCTS) cost progress. HERMAN SMITH (PRESSWORK) sign increased its sales and earnings in this, its first in the new factory at Netherton.

GENERAL. Inflationary pressures affecting make forecasting for the future so difficult. Nevertheless the order book is at a higher level than we have expected and I anticipate that results for the present should be at least maintained.

Copies of the Report can be obtained from the Secretary, Cinderbank Works, Dudley, West Mid

Jessups (Holdings) Limited

Motor Vehicle Dealers, Commercial Vehicle Body Builders and Vehicle Leasing Specialists

Confidence in the longer term

Mr. Alan Jessup, Chairman and Managing Director, reports: The recovery in the second half of the year to 31st August to achieve a fall of only 35 per cent in pre-tax profits against the previous years' record is considered a very satisfactory result in view of the adverse conditions which prevailed.

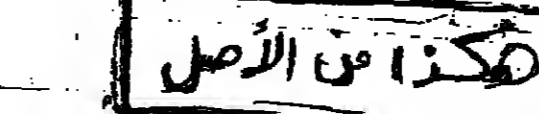
We have extended our franchise interests by introducing Datsun to Baalidon and Renault to East Ham. Apex Motors, the Ford Main Dealer at Stourbridge, is now integrated into the Group and has shown very encouraging progress throughout the year.

We are continuing to strengthen our activities in the field of company fleet sales and leasing.

All other aspects of Group trading have been satisfactory, with each company, including the Vauxhall, Bedford and Opel franchises, contributing to profit.

Opportunities for expansion are being actively pursued although any immediate redevelopment prospects to some of the company's property interests will be postponed in view of the uncertain conditions in the property market.

It is an indication of confidence for the longer term that the directors are recommending an increased dividend.





Stock Exchange Prices Late rise in property shares

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ACCOUNT DAYS: Dealings Began Dec 9. Dealings End Dec 23. Contango Day, Dec 24. Settlement Day, Jan 7. Forward bargains are permitted on two previous days.

Main table containing stock exchange prices for various sectors including Commercial and Industrial, High Law Company, and Financial Trusts. Includes columns for company names, prices, and dividends.

Table with 2 columns: Company Name, Price. Lists various companies and their current market prices.

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Material and General Appointments

SECRETARIAL SECRETARY TO THE COMPANY SECRETARY SALARY £2,000

KEYSTONE THE COMPLETE SERVICE for Temporary Staff

FUL SECRETARY £2,400!

HERFULE GIRL use happy on the tele-

IE CLAYTON ry / P.A. and General

AND LEISURE. Admin-

SCREEN TEST—the head of

SECRETARIES Work through

MONICA GRAY & ASSOC.

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SECRETARIES. Inter-

CASTING

thy past and the frosty present. Anglia revives Noel Coward's Fallen Angels

BBC 2 11.00-11.25 am, Play School.

Southern 10.00 am, Bammy Hamster.

Border 15.55 am, Hammy Hamster.

Grampian 11.05 am, Fabre.

HTV 10.10 am, Soane Street.

10.10 am, Soane Street.

10.10 am, Soane Street.

PA/SECRETARY £2,500 NEGOTIABLE

JAYGAR CAREERS 55a Sloane Square, S.W.1

TOP GIRL Bright and well-educated SECRETARY and PERSONAL ASSISTANT

HAPPY NEW JOB FOR '75

ONLY 2 SHOPPING DAYS TO CHRISTMAS

Adventure Whishes on Times Secretarial

TOP LEVEL Travel/Finance Director

INTERVIEWER with at least one

AUDIO SECRETARY for good

SECRETARIES. Inter-

CASTING

thy past and the frosty present. Anglia revives Noel Coward's Fallen Angels

Thames 10.00 am, The Secret Man.

London Weekend 7.00 The Top Secret Life of

Westward 15.55 am, The Spanglers.

Radio 1.00 am, News.

1.00 am, News.

1.00 am, News.

1.00 am, News.

MARKETING & SALES A LEADING BRITISH ENGINEERING COMPANY

GIRL to take charge of Wino Bar,

MEDIA PLANNER/BUYER Our client, a leading

COUNTRY-LEAVING creative only

SRM/INTERVIEWER with English

LEGAL NOTICES also on page 22

ARCYLE SECURITIES A PETITION

IN THE MATTER OF GEORGE PURDOM

MOTOR CARS 1971 ROLLS-ROYCE

1974 JAGUAR XJ6

1974 ROLLS-ROYCE SILVER SHADOW

1974 ROLLS-ROYCE SILVER SHADOW

1974 ROLLS-ROYCE SILVER SHADOW

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1974 ROLLS-ROYCE SILVER SHADOW

ROBBINS OF PUTNEY LTD. OFFER

1974 JAGUAR XJ6

CHIPSTEAD OF KENSTON

DAIMLER 66

1974 ROLLS-ROYCE SILVER SHADOW

CORNICHE

1974 ROLLS-ROYCE SILVER SHADOW

1974 ROLLS-ROYCE SILVER SHADOW

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1974 ROLLS-ROYCE SILVER SHADOW

1974 ROLLS-ROYCE SILVER SHADOW

AMERICAN DOCTOR AND FAMILY to U.K. for 6 months

HOUSE/APARTMENT Cleaning

BATHROOM SUITES

EVENING TAIL SUITS

"UNABRIDGED"

RICHARD HAMILTON

SLUTHUR GRAMM PLANS

ROUND REGENCY

FINE BIRD BOOKS

OIL LAMP

WANTED—Melpenny

VICTORIAN CHAIR

CHAMPAGNE

ONLINE

RENTALS

RENTALS

RENTALS

RENTALS

RENTALS

RENTALS

RENTALS

